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Japan

Auto Talks Focus on Access, Parts Replacement

OW2803145995 Tokyo KYODO in English 1352 GMT 28 Mar 95

[FBIS Transcribed Text] Tokyo, March 28 KYODO—Japan and the United States opened expert-level auto trade talks in Tokyo on Tuesday [28 March] centering on widening U.S. access to Japan's replacement parts market.

The U.S. called on Japan to relax its regulations on the replacement parts market and to take measures to increase the number of Japanese auto dealers handling U.S. models in subcabinet-level sessions held Monday, also in Tokyo.

Following the subcabinet-level talks, the first day of the expert sessions also focused on those issues, according to Japanese trade officials.

They said experts from the U.S., regarding the issue of the number of car dealers, proposed that Japanese automakers direct their group dealers to handle more U.S. vehicles.

Japanese experts rejected the request, saying such an action would go against a market principle, the officials said.

Discussions on the issue of relaxing the government grip on replacement parts were inconclusive, the officials said, because the U.S. brought other Japanese regulations into the discussion.

Both sides agreed to continue expert-level sessions Wednesday, the trade officials said.

More on Draft of Five-Year Deregulation Plan

OW2803122195 Tokyo KYODO in English 1203 GMT 28 Mar 95

[FBIS Transcribed Text] Tokyo, March 28 KYODO—Japan on Tuesday [28 March] nailed down a comprehensive five-year program comprising about 1,090 items for relaxing administrative rules and regulations, government officials said.

The government and the ruling coalition parties agreed on a final package covering 11 areas such as distribution, housing and land, transportation, and information and telecommunications, the officials said.

The cabinet of Prime Minister Tomiichi Murayama is to give the final go-ahead to the draft program on Friday, the deadline for the premier's pledge to thrash out a sweeping five-year decontrol package.

The highlight of the draft plan is a promise to decide on whether to allow western-style holding companies in three years' time, a major step toward lifting a ban on the creation of such entities, government and coalition sources said.

The final package will say the government will "begin consideration of the issue of holding companies from the viewpoints of market liberalization and revitalizing business activities, and will reach a conclusion on the issue within three years," the sources said.

But any moves to lift the ban on holding companies, which primarily exist to control other enterprises through shareholdings, must take care not to "concentrate excessive corporate control" in "Keiretsu" group of firms linked by webs of interlocking shareholdings, they said.

Promising a decision on the ban represents a compromise between the Ministry of International Trade and Industry and business groups that want the ban lifted.

The Fair Trade Commission (FTC), Japan's antitrust watchdog, had also feared that lifting the Antimonopoly Law restriction on holding companies could strengthen the Keiretsu system, which opponents say effectively locks out competition.

At the same time, the draft plan promises to build up the FTC's overall monitoring capability with a review of the body's mechanism and personnel, the sources said.

The final package will also vow to complete by the end of fiscal 1999 a review of the Large-Scale Retail Stores Law, which has come under fire for obstructing the entry of foreign retailers into Japan through its restrictions on the opening of new stores.

The five-year plan is intended to fulfill Japan's de facto international pledge to restructure the nation's economy through relaxation of administrative rules and regulations, and ensure foreign businesses greater access to Japanese markets.

A coalition official boasted that the draft package calls for the relaxing of some 10 percent of the nation's overall administrative rules and regulations totaling about 10,900, almost all of them within fiscal 1995 beginning Saturday.

However, the final draft is likely to draw broadsides from various quarters as there are very few other additional items in the decontrol measures involved. The government met with severe criticism both at home and from abroad when it released an interim report on its deregulatory efforts on March 10.

U.S. Trade Representative Mickey Kantor, for instance, portrayed the midterm paper as "deficient" and urged Tokyo to "redouble its efforts" to come up with more substantial deregulatory measures by the end of March.

The final package is also unlikely to help expand Japan's domestic demand, narrow differentials in prices between home and abroad, and trim the nation's mammoth trade surpluses with a number of foreign countries.

In addition, the program also appears powerless in arresting the yen's unabated strength against the U.S. dollar and other major world's currencies, a threat to the recovery of the Japanese economy.

The draft program proclaims its goal as creating a liberal and international open economy "founded on the principle of self-responsibility and market principles," the sources said.

It also calls for a review of fresh regulations after a certain period, a revision every year of the five-year program in response to domestic and international requests and the release of an annual white paper on deregulation.

Tokyo Offers New Proposal on Auto Dealership

OW2903130395 Tokyo KYODO in English 2107 GMT 29 Mar 95

[FBIS Transcribed Text] Tokyo, March 29 KYODO—Japan offered a new proposal Wednesday [29 March] on ways to increase the number of Japanese auto dealers handling U.S. models, Japanese officials said.

Wednesday's auto trade talks in Tokyo at an expert level followed a subcabinet-level meeting Monday, which did not make major progress in opening Japan's auto market in two key areas—dealerships and deregulation of replacement parts trade.

A Japanese official who attended the talks said most of the two days of the experts' meeting was devoted to clarifying U.S. proposals put forward in the two areas during the subcabinet-level meeting.

"As ideas shown in the U.S. proposal on dealerships were found still to differ from ours, we offered the new proposal," he said.

The next round of talks, to be held in Washington in mid-April both on working-level and subcabinet-level bases, will be based on the new Japanese proposal, the official said.

Japan previously offered a "matchmaking plan" for business arrangements between Japanese dealers and the U.S. "big three" carmakers.

During the latest round of talks, the U.S. did not show much interest in the plan.

"The new Japanese proposal is based on the original matchmaking plan plus a factor intended to encourage more marketing efforts from U.S. automakers in Japan," the official said.

As for deregulation of Japan's replacement parts market, the official said Washington's new proposals are "philosophical and comprehensive," making it difficult for Tokyo to respond quickly.

Wednesday's meeting did not deal with the so-called "objective criteria" for measurement of the openness of Japan's auto market. "That issue will be taken up during the April meeting," said the official.

Auto trade is the only pending issue among the four priority sectors under the "framework" negotiations for new Japanese-U.S. economic and trade ties.

Ministry Official Views U.S. Auto Demands

952A0411C Tokyo NIHON KOGYO SHIMBUN in Japanese 2 Feb 95 p 2

[FBIS Translated Text] The Japan-U.S. economic framework talks will reopen negotiations on automobiles and auto parts and, during the middle of the month, a meeting will be held in Tokyo at the section-chief level. However, the view of the U.S. side, which requests substantial deregulation measures on the longstanding issue of repair parts, and the view of the Japanese side, which points out inadequate sales efforts of the U.S. manufacturers, are not on the same wavelength. We asked Masahide Ochi, a Ministry of Transport official who participated in vice minister-level negotiations in Washington at the end of last month, what will be the future direction of negotiations on the repair parts issue.

Arguments for Total Abolition Without Reason

[NIHON KOGYO SHIMBUN] What was your impression of the resumed talks?

[Ochi] This time, Ministry of International Trade and Industry [MITI] officials had changed, so half of the objective was to get acquainted with each other. That is why instead of being a matter of what we agreed on or could not agree on, it was a matter of turning the hands of the clock back to October 1994 and deciding once again what we will discuss in the future. Also, we mutually confirmed the fact that the negotiations are unrelated to clause 301 of the U.S. trade law (retaliatory measures against unfair trading practices).

[NIHON KOGYO SHIMBUN] Nevertheless, it seems that negotiations on repair parts went through some rough sailing.

[Ochi] The U.S. side says that the reason U.S.-made repair parts do not sell on the Japanese market the way they do in other foreign countries is due to regulation by the government and that once these regulations are eliminated they should sell. Also, in the spirit of the comprehensive talks, they want us to produce visible results after a certain amount of time has elapsed. Their assertion is not to specifically examine regulations one by one but to simply request total abolition and that, first of all, there should be deregulation.

[NIHON KOGYO SHIMBUN] And you were not able to give an answer to that?

[Ochi] We do not deny (the necessity) for deregulation. However, each of the repair parts regulations is there to ensure safety and to prevent pollution. We were asking them to lay out in specific terms which regulations are creating a bottleneck in the repair parts business. However, about all they would tell us in negotiations from the end of June of last year is that they want us to remove shock absorbers from being a critical safety part, and the situation is that we have not heard any other specific requests.

Thinking Things Out and Working Hard

[NIHON KOGYO SHIMBUN] What will be the theme of this month's section chief-level meeting?

[Ochi] We will clarify the actual situation one by one on whether regulations are really obstructing foreign made parts procurement in the aftermarket. Recently, U.S. cars have started selling well, but I think that this is ultimately the effect of their having created an appealing product with a low price. Concerning repair parts as well, it is a question of what they want to sell and what kind of tactics must be thought out for that purpose. I believe that efforts by the repair parts manufacturers in marketing, etc., will be necessary.

[NIHON KOGYO SHIMBUN] The U.S. side seems to want a conclusion to be reached by the end of March, but what are the chances of a settlement?

[Ochi] U.S. Commerce Under Secretary Garten was talking about "benchmarks." We informed them that we would not approve of a deadline. I think that they probably used that language because of the fact that the end of March is the end of the fiscal year and the five-year plan for deregulation promotion would be out. However, it would not be reasonable to link that with this. Although we also want to attempt to reach a quick settlement, there is no need to get pinned down to a specific time. We have informed them that we are prepared to study deregulation. As long as they are insisting on total abolition without making specific requests, the mutual gap will not be bridged. That is the reason it was said at the conference on the scene that there was no light to be seen at the end of the tunnel.

Mitsubishi To Boost Output in U.S. Plant

952A0410E Tokyo NIHON KOGYO SHIMBUN in Japanese 29 Dec 94 p 7

[FBIS Translated Text] Mitsubishi Motors Corporation (president, Mr. Hirokazu Nakamura) will increase its 1995 (January through December) production plan for its U.S. plant "Diamond Star Motors Corporation" (DSM, Bloomington-Normal, Illinois) to the maximum for the first time since beginning operation for an increase by 22 percent or 220,000 units compared to the 1994 performance forecast accompanying the favorable expansion of the U.S. economy. Not only will local sales continue to be brisk, it has decided to increase production by a wide margin because it will start full-scale supply of the new "Avenger Sebring" (2,000 to 2,500cc). Although all the Japanese automakers that have expanded in the United States are going in the direction of expanding operation conditions at their local plants due to favorable U.S. sales, DSM will also enter nearly full operation in the seventh year after beginning operation.

Full Operation in Seventh Year

Since beginning operation in 1988, DSM has produced two models: the small specialty car "Eclipse" (Chrysler name, Talon), and the small passenger car "Mirage," and beginning in 1993, it discontinued the production of the "Mirage" and started production of the "Galant."

Further, in the latter half of 1994, it began production of the two-door specialty car "Avenger Sebring" developed for Chrysler.

In this context, sales of Mitsubishi cars in the United States are fluctuating at favorable levels accompanying the expanding U.S. economy. Sales are so vigorous that in 1994 (January through December), unit sales, including cars exported from Japan, will reach 22,000 units, an increase of 16 percent compared to 1993 results, and it appears likely that they will reach a record amount. For this reason, production at DSM is favorable with production of the "Eclipse," which underwent a full model change in February, in addition to the "Galant," on top of which it started production of two new models for Chrysler beginning in November, so it appears that 1994 production reached an all time high of approximately 180,000 units, an increase of 31 percent over 1993.

That being the case, because, according to the above-mentioned company president concerning the 1995 production plan, "in addition to the favorable conditions at Mitsubishi, production of new cars for Chrysler will become full-fledged," the plan continues to be upbeat at 22,000 units, or a 22-percent increase over 1994. In particular, the "new Eclipse" to be supplied to Japan beginning in 1995 will be positioned as a nucleus car of the domestic specialty car series along with the small sports car "FTO" and the "GTO" sports car.

JAMA Sees More Sales of U.S. Auto Parts

952A0411E Tokyo NIKKEI SANGYO SHIMBUN in Japanese 17 Jan 95 p 2

[FBIS Translated Text] According to a conclusion by the Japan Automobile Manufacturers Association [JAMA] (chaired by Tatsuro Toyoda), the total amount of U.S.-made parts purchased in the first half of fiscal year 1994 (April through September of 1994) by 11 automakers increased 32 percent compared to the first half of fiscal 1993 and reached $9.5 billion. The main reason is that the production shift to North America has accelerated due to the strong yen and local procurement has increased substantially. Because the latter half results appeared likely to exceed the first half results, it has become almost certain that the total amount of 19 billion dollars, which is a purchasing target for the companies in fiscal 1994 throughout the period, will be exceeded.

Actual purchasing results for the first half of fiscal 1993 were $7.2 billion, and results in the first half of fiscal 1994 expanded more than $2 billion over that. The latter half of fiscal 1994 saw an expansion to approximately 11 billion dollars and it is considered highly probable that it will exceed the milestone of $20 billion throughout the period.

Among the target of $19 billion in fiscal 1994, although the automakers expected imports of $4 billion, growth in domestic new car demand was hurt due to the sudden decline in exports of completed cars due to the strong yen, so it appears that the amount of imports will be significantly less than this target. However, because across-the-board local production by Toyota Motor, Nissan Motor, and Honda Motor, and others is increasing, local procurement is expected to significantly exceed initial targets.

The certainty of reaching the targets will be to the advantage of the Japanese Government in negotiations between governments "in the areas of automobiles and auto parts" of the Japan-U.S. economic framework talks which will resume in Washington toward the end of January. Meanwhile, however, the U.S. Government is solidifying its policy of requesting direct negotiations with Japanese automakers and if this materializes it is considered almost certain that additions to the purchase targets of U.S.-made parts will be requested from each company.

Toyota To Build New Auto Parts Line in U.S.

952A0410B Tokyo NIKKAN KOGYO SHIMBUN in Japanese 29 Jan 95 p 6

[FBIS Translated Text] Toyota Motor Corporation (president, Mr. Tatsuro Toyoda) U.S. plant, Toyota Motor Manufacturing (TMM, located in Kentucky) will install a new machining line in its power train line and from mid-1996 will begin machining parts for V-6 engines. The amount of equipment investment will be $70 million (approximately 7 billion yen) and accompanying this it plans to increase employees by 30 to 50 people.

TMM's power train plant, in addition to production that includes machining parts for straight four-cylinder 2,200cc engines, expanded that plant beginning in September 1994, and began assembly of parts exported from Japan for 3,000cc V-6 engines. These engines are installed in the TMM-made "Camry" (Japanese name "Scepter") and "Avalon." Production on the machining line to be newly established in 1996 will include machining of such parts as crank shafts, cam shafts, etc.

At this plant, TMM plans to expand annual engine production from 210,000 units (1993 results) to 350,000 units by 1996. The new construction of the machining lines was determined due to the aim of further increasing the ratio of locally procured parts.

Toyota Dealer To Sell Ford Vehicles

952A0411A Tokyo NIHON KOGYO SHIMBUN in Japanese 6 Feb 95 p 6

[FBIS Translated Text] Influential Toyota Motor dealership, Toyota Corolla Akita (president, Mr. Tetsuji Kato, Akita, Terauchi, phone: 0188-80-1500) has settled on a policy of dealing in Ford vehicles. Final internal coordination is being advanced at the company, and official determination will be made soon. The aim is increased product competitiveness and improved profitability which will accompany expanding the models handled. This will be the second Toyota-affiliated dealership to handle Ford vehicles after Katsumata Automotive, which manages Chiba Toyopet. The opening of a dealer network that handles U.S.-made completed vehicles has become the focus in dissolving the Japan-U.S. automobile friction and it is likely to provide a favorable influence on the Japan-U.S. comprehensive economic talks.

Favorable Influence on Japan-U.S. Comprehensive Talks

Since last year at Corolla Akita the policy of dealing in Ford vehicles had been unofficially communicated to Ford vehicle import source Ford Nihon (president, Mr. Hironori Suzuki, Tokyo, Minato Ward) and the supplier Autorama (president, Mr. Yoshiaki Yamanaka, Tokyo, Shinjuku Ward).

It is already handling sales of Volkswagens and Audis. The aim is to further increase its competitiveness with other Toyota affiliated channels as well as other companies by newly adding to its product line new cars such as the World Strategy cars "Mondeo," "Probe," "Mustang" and "Taurus" that have a different appeal that is not found in models handled by current Corolla dealers.

However, there is a Ford Akita dealership in Akita Prefecture that is already handling Ford vehicles, so there are negative opinions within the company that its appeal will be insignificant because of trading area difficulties, etc., and final adjustments are being hastened. For this reason, there is even a possibility that a conclusion will be put off.

Until now, with the exception of Mazda affiliates, there were four companies affiliated with Nissan Motor, such as Tokyo Nissan Motor Sales, etc., and only Katsumata Automotive among the Toyota affiliates that had embarked on sales of Ford vehicles. Although Toyota has set forth the position, according to President Tatsuro Toyoda, that "dealerships are free to decide what cars they will import," there are no dealerships that followed Katsumata Automotive's lead and attention was being focused on which one will become the next Toyota affiliated dealer.

Corolla Akita is one of the influential Toyota affiliated dealerships, and if Corolla Akita indeed does sell Ford vehicles, not only will Toyota affiliated dealerships that individually handle imported vehicles increase, it will also mean that criticism of the "keiretsu" strongly pointed out by the U.S. side will soften.

Last year, Autorama sold 14,321 units of imported Ford vehicles, 2.8 times the amount in the previous year. In addition to its existing models, newly launched cars such as the "Mondeo," etc., have a sales policy that achieved effects by setting prices to the same level as domestically produced vehicles using the strong yen. In response to the high assessment by the market of these imported Ford vehicles, it plans to sell between 22,000 to 25,000 units in 1995. The Ford sales network will also be increased from the current 300 stores to 400 stores. For this reason, it is opening doors for national dealers to handle Ford vehicles along with finding new dealers.

U.S. 'Concern' Over DPRK Mission Denied

OW2903003995 Tokyo KYODO in English 0031 GMT 29 Mar 95

[FBIS Transcribed Text] Washington, March 28 KYODO—Japan's ambassador to Washington on Tuesday [28 March] denied reports that the United States has expressed concern about the ongoing visit to North Korea by a delegation from Tokyo's ruling coalition parties.

"I believe the U.S. Government isn't worried that the visit will disrupt the concerted steps taken by Japan, the U.S. and South Korea" on the North Korean nuclear issue, Takakazu Kuriyama told reporters.

An 11-member delegation of Japan's ruling coalition is now in North Korea and agreed in principle Tuesday with the Workers Party of Korea that the two countries should resume normalization talks.

Former Foreign Minister Michio Watanabe, who heads the delegation, is "well aware of the U.S.-North Korean negotiations over the nuclear issue," Kuriyama said.

Noting that the Japanese Government cannot officially brief the U.S. on political party activities, Kuriyama said the coalition parties received U.S. support after explaining the purpose of the trip to U.S. Ambassador to Japan Walter Mondale.

"It doesn't surprise us," State Department Spokeswoman Christine Shelly said of the visit, stressing that Japan is playing a "major role" in the financing of the project to provide light-water reactors to North Korea.

She said that the visit is "really a natural development" which "reflects certainly the desire of the parties to have more contact with each other and to get to know each other better."

Goal of Joint Mission to Pyongyang Assessed

OW2903010195 Tokyo ASAHI SHIMBUN in Japanese 27 Mar 95 Morning Edition p 2

[Unattributed article: "Japan Supplements U.S. Strategy Toward Korean Peninsula"]

[FBIS Translated Text] The ruling parties have decided to send a joint mission to Pyongyang with the aim of resuming the stalled normalization talks between Japan and North Korea; the joint mission will leave Japan on 28 March. If both Japan and North Korea move to resume the normalization talks that have remained stalled since 1992 and to improve relations, this will certainly and speedily hasten the end of the "Cold War structure" that still lingers on the Korean peninsula. The ruling parties' bid to resume the stalled talks with North Korea is not only aimed at settling Japan's "post-war issue," it is a move to make Japan supplement the United States' East Asia strategy, which calls for the creation of a framework for stabilizing the Korean peninsula following the nuclear agreement signed between the U.S. and North Korea to clear up suspicions about Pyongyang's nuclear development.

Last fall, the Social Democratic Party of Japan [SDPJ] first proposed sending a joint mission to North Korea, but the proposal was squashed soon afterward. This time, the Liberal Democratic Party [LDP] and the Foreign Ministry teamed up on sending the joint mission and their efforts paid off. Recent major developments involving the Korean peninsula are the nuclear agreement signed between the U.S. and North Korea to clear up suspicions about Pyongyang's nuclear development, and the establishment of the Korea Energy Development Organization (KEDO). The United States has led this series of moves. Commenting on the dispatch of the joint mission to North Korea, Foreign Ministry officials and the LDP have strongly suggested the U.S. "backed up" the plan.

Efforts to stabilize the Korean peninsula began following the end of the Cold War. Among other things, South Korea established diplomatic relations with the former Soviet Union (in 1990) and China (in 1992). North Korea, too, has held normalization talks with Japan and political dialogue with the United States. North Korea then adopted a strategy under which it limited its negotiating partner to the United States, as U.S.-North Korean talks made headway for two years from 1992 to 1993. After going through twists and turns, the U.S.-North Korean talks hammered out an agreement last October.

The present situation on the Korean peninsula resembles that of the "cross recognition" that surfaced in the United States, Japan, and South Korea in the 1970s, under which Japan and the United States, which have diplomatic relations with South Korea, would recognize North Korea; whereas China and the Soviet Union would recognize South Korea. It can be said that circumstances are being created at long last for shaping a framework to implement cross recognition with the exception of Japan-North Korean relations.

The United States has urged Japan to resume the stalled normalization talks and North Korea went along with a request on sending the joint mission from the LDP, with which it is maintaining close ties because of their new perception of the East Asian situation.

The government is not hiding its high expectations for the joint mission, saying: "The joint mission will not only pave the way for resuming the stalled normalization talks," (according to a senior Foreign Ministry official). The LDP is eager to create a momentum for Japan to play a more important role than simply shouldering a large amount of the monetary burden for KEDO. As "it is desirable for Japan to promote political dialogue with North Korea in keeping with progress in North-South Korean dialogue and U.S.-North Korean political dialogue" (as the same senior Foreign Ministry official says), the joint mission is likely to be under pressure to pay close attention to international responses.

Surging Yen, Economic Difficulties Analyzed

Part 1: 'Industry in Agony'

OW2803140195 Tokyo NIHON KEIZAI SHIMBUN in Japanese 14 Mar 95 Morning Edition p 5

[Part one of a three-part series: "Surge in the Yen—Japan's Hard-Pressed Economy;" this installement entitled: "Industry in Agony; There Is Limit to What Rationalization Can Do"]

[FBIS Translated Text] The sudden surge in the yen's value has cast a dark cloud over the Japanese economy's future. While the efforts of buying the dollar in the money market are not proving to be effective, the government and the Bank of Japan are unable to find any other way to address the problem. The yen's value has risen to around 90 yen to the dollar, and there are no signs it will go back to its previous level. The Japanese industries that had been making all-out efforts to find ways to survive in the 100 yen to the dollar days are now in shock, and the economic recovery mood has blown away. Spreading now are voices fearing the economy might have become bogged down, along with voices demanding actions to lower interest rates and to hurriedly formulate a 1995 supplementary budget.

Prime Minister's Words Inarticulate

On 8 March, when the yen broke the 90 yen to the dollar level, the top leaders of four major economic organizations, including the Federation of Economic Organizations of Japan [Keidanren], faced Prime Minister Tomiichi Murayama in a room at the Prime Minister's Office. Keidanren Chairman Eiji Toyoda read a request on dealing with the strong yen. Kosaku Inaba, Japan Chamber of Commerce chairman and Ishikawajima-Harima Heavy Industries Company president, immediately began pressing the prime minister for action, citing specific cases of troubles. Noting the screaming voices of agony concerning the strong yen's "devastating impact on such dollar-based businesses as ship and plant building companies" and "worries about the condition boomeranging to the subcontractors," Inaba demanded a coordinated intervention in the exchange market by the monetary authorities of Japan, the United States, and Europe. He also called for measures to increase domestic demand.

But Murayama was inarticulate in his response. He said: "Visible measures can be counter-effective." Finance Minister Masayoshi Takemura, said: "We are doing many things behind the scenes, but...." The irritated four top business leaders left only after Kosuke Nakahira, the Finance Ministry's deputy vice-minister for financial affairs, explained the "behind the scenes" coordination efforts underway with Europe and the United States.

Around that time, Kyocera Corporation Chairman Kazuo Inamori was giving a news conference as the head of the Kyoto Chamber of Commerce. He said: "Exporting companies should respond to this situation by raising their product prices." According to Inamori, if the companies deal with the problem by applying business rationalization programs rather than raising their product prices, exports will grow once again, and Japan's current-account surplus will increase along with it, thus causing the yen's value to increase further. He said Japan, by doing that, will never be able to get out of the vicious cycle it is now in.

Meanwhile, Masashi Kawakita, a senior researcher at the Long-Term Bank's Sogo Institute, countered that view, saying: "Only the businesses holding monopolistic or oligarchic shares in their respective markets can afford to raise their prices amidst the current heavy pricing competition by all Asian countries." Since the yen started surging, Kyocera Corporation and several other businesses, such as those in the steel industry, have started to move toward raising their product prices. In the liquid display sector, companies like Sharp appear to be reviewing the possibility of transferring the higher yen effect to their product prices. However, the reason Kyocera can consider raising its prices is because its electronic parts are very competitive. Steel sheet producers can be said to be in a favorable position to raise their prices because demand in the Asian market is tight.

As a way of minimizing the impact from the exchange market's fluctuations, some companies are moving to expand their yen-based exports. However, Murata Manufacturing Company, for instance, which already does 90 percent of its export business based on the yen currency, exports many electronic parts that hold more than 50 percent of the world's market share. Indeed, this is something the companies will be able to do only if they have unbeatable technology.

Only Thing Left To Do Is To Reduce Expenses

The ordinary export companies that can neither raise their product prices nor export them on a yen-currency basis feel they are at a dead end. Moving the production bases overseas will not be a good enough measure to deal with the problem of the rapidly rising yen either. Eventually, there will be no choice but to resort to such old measures as cutting subcontracting prices and reducing the purchase price for parts and raw materials. In the end, such a move will make the small-parts manufacturers and subcontractors the sufferers.

Akira Chiba, president of Riken, which makes engine parts, said: "We have been forced by our buyers, the finished auto manufacturers, to bring down our product prices by 30 percent over a three-year period, but there is no way we can accommodate such a demand any more. A foundry maker affiliated with Isuzu Motors said: "We have no choice but to turn ourselves into a business of buying products from China and selling them to finished auto manufacturers." As such, there is the possibility that industrial hollowing out will take place in small businesses as well as fairly large corporations.

According to a survey conducted by the Small and Medium Enterprise Agency last year, 80 percent of subcontractors had received requests from their buyers, which are large corporations, to lower their prices as a result of the rising yen, and were suffering from burdens from such requests. But as far as the small and medium businesses are concerned, there is no change in the fact that the only thing left for them to do is to "reduce costs" because less than 10 percent of all companies can afford to move their production bases overseas.

Of course, a strong yen is not always a disadvantage. For instance, the electric power industry, which was beginning to become worried about the rising price of petroleum, has had its pressure on profits relieved by the strong yen. However, the yen's current sudden surge, at a time when next year's budget is being formulated, is certain to dampen the corporations' willingness to make investments and to expend. A senior Ministry of International Trade and Industry official said: "The industry is now stunned, and is unable to see what lies ahead."

Is the "Everyone Following Aiwa" Phenomena Taking Place?

Kaku Osaka, Asahi Bank's Research Department manager, asserted: "The industry cannot deal with this yen appreciation problem by rationalization efforts only. The companies will not be able to survive if they delay crossing national borders to develop their projects." He predicted the companies will emulate Aiwa Company, whose production overseas account for more than 80 percent and the "phenomena of everyone following Aiwa" will take place. And if that happens, no doubt, an exodus of the labor force will take place in this country, with many people rushing from the manufacturing industry to the service industry. And if the new service industry, which should incorporate the surplus labor force, does not grow fast enough, it can result in a temporary unrest in employment.

Part 2: Effect on Banks, Stocks

OW2803163995 Tokyo NIHON KEIZAI SHIMBUN in Japanese 15 Mar 95 Morning Edition p 5

[Part two of a three-part series: "Surge in the Yen—Japan's Hard-Pressed Economy;" this installement entitled: "Financial Institutions in Unrest—Stock Plunge Delays Recovery of Loan Demands"]

[FBIS Translated Text] A senior official from the Industrial Bank of Japan [IBJ] said in a gloomy tone: "The yen's surge is bearable itself, but it can become a real problem when it affects stock prices...." The Nikkei stock average is gradually dropping as if it is catching up with the yen's rate hike. The official noted: "The IBJ will suffer redemption losses of about 30 billion yen in the end of the January-March account period if the Nikkei index remains at the current level of about 16,500 yen."

Banks Selling National Bonds

The yen's surge, in itself, has some merits for banks. The stronger yen lowers the amount of overseas credits, and this pushes up the ratio of owned capital to liabilities restricted by the Bank for International Settlements (BIS). But the yen's surge harms the economy if it triggers stock plunges. If the market value of stock holdings becomes lower than their book value, the balance should be reconciled by listing the difference as an appraisal loss.

As most of the IBJ's stock holdings still have latent value, the IBJ will be able to cover the 30-billion-yen losses with profits from other stock holdings. But the book value of the IBJ's stock holdings are one of the lowest among Japanese banks, and ordinary city banks are likely to suffer losses of over 50 billion yen.

Some banks are suffering from high book values of stocks because they have already taken profits from active stocks to settle bad credits, and these banks are very likely to suffer more from the yen's surge. They may become unable to manage their bad credits if the stock plunge continues under such circumstances. While some of those weakened banks are selling national bonds in preparation for settling accounts in the current account period, thoughtless profit-taking attempts may tighten financial conditions in the future.

Takanobu Yamada, securities analyst at the Tokyo branch of British securities house Smith New Court PLC, said: "The Japanese economy is being made a fool of by the yen's unreasonable surge." He said he still wonders why the market demands the yen while Japan's economic recovery is far behind that of other advanced nations. But Yamada added: "No matter what the cause of the yen's surge, we must be aware that the stock market is indeed giving us warning signs. Smaller businesses are not strong enough to cope with the yen's surge. The economy may crash again if appropriate actions are not taken."

Bank clerks are beginning to realize signs of unfavorable turns in the economy. A Sumitomo Bank lending clerk said: "Bank advances finally began to pick up in the end of last year, but the upward movement is becoming uncertain after the Kobe earthquake and the yen's surge." He noted: "The yen's surge took place when our customers began to reinforce capital investments. They say they 'want to wait and see since the economy's future trend is again becoming uncertain.'"

Customer Survey

A monthly report by the Bank of Japan says city banks' outstanding loans in February remained lower than the same period the previous year for 10 consecutive months. The recovery of loan demands is likely to be further delayed by the yen's sudden surge. However, thoughtless granting of loans increases the risk of bad credits.

A commercial bank has recently started to survey how the yen's surge affects individual customers. A branch office head in Tokyo said: "In addition to studying customers' needs, we are reconfirming if our credits are risk-free." He said the survey is "as strict as screening procedures for new customers."

According to Teikoku Data Bank, Ltd., 1,140 companies went bankrupt in February, and the figure exceeded the previous year's record for the first time in the last three months. Only seven out of the 1,140 companies are believed to have failed due to damages from the yen's rate hike. However, Teikoku Data Bank noted: "Judging from our experiences, bankruptcies increase about six months after a drastic surge of the yen. As many companies are still suffering from the aftermath of the so-called bubble economy, this may happen a little earlier this time."

Tokyo Shoko Research, Ltd. said: "Smaller manufacturers cannot survive if the dollar is fixed at below 98 yen. Distributors of home-made products will also crash."

Gloomy Prospects for Profitability

Banks are now preparing business plans for FY95. An official from a city bank, which is finalizing its FY95 business plan based on its first draft formulated in January, said: "We cannot make profits from profitability estimates submitted by individual sections." A currency exchange dealer from the bank noted with a sigh: "Low interest rates is a favorable factor for profitability as it lowers fund raising costs; however, the lending business is still hampered by the prolonged slump. As a result, market-related sections will have to bear further burdens."

It has often been said that the banking industry's post-recession recovery is "the poorest among all major industrial fields." Many banks are still having hard times in settling their bad credits since the bubble economy boom, as symbolized by the crash of the Tokyo Kyowa and Anzen Credit Unions. The yen's surge and stock market slump are affecting not only business prospects for the next fiscal year, but also business records in the current account period. Economists say the Japanese economy's full-scale recovery is unlikely until financial institutions restore their vital roles in the nation's economic activities.

Part 3: 'Economic Structure' Tested

OW2803231495 Tokyo NIHON KEIZAI SHIMBUN in Japanese 16 Mar 95 Morning Edition p 5

[Third and final of a three-part series: "Surge in the Yen—Japan's Hard-Pressed Economy;" this installment entitled: "Reform of Economic Structure To Be Tested—Moves To Make Most of Appreciated Yen"]

[FBIS Translated Text] Pessimism has begun gripping the industrial circles following the yen's drastic appreciation. The Shin-Etsu Chemical Company, the biggest vinyl chloride maker in Japan, has drawn up a plan to expand its plant and equipment investment after setting the intra-company yen-dollar exchange rate at 90 yen per dollar in 1995. However, with the yen-dollar exchange rate going down to 90 yen per dollar level, the chemical company has begun reviewing its plan in anticipation of an 80 yen per dollar rate. The possibility has emerged that the chemical company will have to adjust the plan downward.

Relocation of Production Overseas Expected To Be Spurred

The appreciated yen is likely to spur overseas investment in plant and equipment. In response to plans by major tape companies and such major photo film manufacturers as Sony and Fuji Photo Film Company to move to the United States, Ishihara Sangyo, a magnetic tape maker, has decided to construct, within this year, a magnetic iron oxide plant in the United States. The Japanese firm plans to export the magnetic tape manufactured at the plant to Europe and Asia. Needless to say, the Japanese firm plans to import the magnetic tape into Japan as well. The magnetic tape maker will cut the number of workers in its Yonnichishi plant in Mie Prefecture by 300 over the next three years to 1,400.

According to the February business short-term economic forecast released by the Bank of Japan, the ratio of overseas plant and equipment investment by the manufacturing industry in 1995 is projected to be a high level of 24 percent.

Shinya Nemoto, a senior researcher at the Nomura General Research Institute's Economic Research Department, said: "If the yen-dollar exchange rate settles at 90 yen per dollar, plant and equipment investment in

1995 will fall by 0.7 percentage point, a drop of 3.3 percentage points compared with if the yen-dollar exchange rate remained at 95 yen per dollar." A senior Economic Planning Agency official said: "Some Japanese enterprises, which managed to operate at home while weathering difficulties from the appreciated yen last year, will be forced to move their production overseas this year." The outflow of plant and equipment investment to other nations also means that more Japanese workers will face layoffs. While the overtime paid by the manufacturing industry has been on the rise, the number of enterprises eligible for the employment adjustment subsidy shrank over the past six months. An estimate made last December by the Yamaichi Economic Research Institute showed that 92 yen per dollar is the minimum exchange rate level needed to keep 25 major commercial electrical, precision machinery, and automobile makers profitable in 1996. The exchange rate of 90 yen per dollar would put those companies in danger of suffering a deficit. Canon, which shaped its 1995 business plan in anticipation that the yen-dollar exchange rate will stay at 98 yen per dollar, has noted: "About 90 yen per dollar is an exchange rate level that could undercut our efforts to cut costs (according to Canon's accounting headquarters)."

Series of Price Cuts for Imported Goods

The Labor Ministry takes the view that if the yen's appreciation continues for a long time, it will create the possibility that enterprises will chose to move their production overseas or shift to new lines of businesses rather than keep their employees working in plants through employment adjustment subsidies (according to the Employment Security Bureau). The Labor Ministry is also concerned that the industrial hollowing out at home will lead to a rise in the unemployment rate.

Yet, the Japanese economy has continued to weather difficulties arising from the yen's incessant appreciation against the dollar. While the appreciated yen is expected to have an adverse impact on export-oriented enterprises, moves are afoot to change the Japanese economic structure in ways that the appreciated yen serves to stimulate the Japanese economy.

On 8 March, McDonald's Japan announced that it will reduce hamburger prices in anticipation that the appreciated yen will hold down the prices of imported materials. Discount outlets are vying to bring down prices of imported goods. Hiromisu Tetsuka, senior researcher with the Japan General Research Institute, said: "If more cheap imported goods are on the Japanese market thanks to the appreciated yen, this will increase the real income of households, thereby inspiring consumers to buy more."

Signs are seen among consumers that "they are tired of refraining from buying" and this tendency among consumers has the potential to delude the adverse impact brought about by the appreciated yen. Six or seven years have passed since the bubble economy burst. The demand for automobile, color television sets, video tape recorders, and other audio-visual appliances is growing. Domestic sales of passenger cars (except for compact passenger cars) in February were up 12 percent over the same period last year. Some hold the view that the appreciated yen will not have so great an impact on Japan's exports for the time being. Although the U.S. economy is showing signs of deceleration, it still remains robust. While the European economy is making an upturn, the Asian economy is continuing to expand. Yoichi Okita, chief of the Economic Planing Agency's Research Bureau said: "The exports of semiconductors and commercial electrical goods will grow smoothly because of their competitive edge." NEC Corporation and Toshiba will raise the export prices of their semiconductors during the April-June quarter.

Experts Split in Their Opinions

Experts are taking different views on the effect of the appreciated yen on the real growth of GDP. The Nomura General Research Institute said: "If the yen-dollar exchange rate settles at 90 yen per dollar, this will bring down the GDP's growth by nearly one percent compared with the GDP's growth at an exchange rate of 100 yen per dollar." The Japan General Research Institute added: "There is a possibility that the demand for the reconstruction of areas hit by the great Hanshin earthquake will raise the GDP's growth. The appreciated yen will have virtually no impact on the GDP's growth."

Though the appreciated yen will have a negative impact on business profits, it will increase buying power and real income. How far will the decline in business profits be compensated for by the increased buying power and real income? Lowering gas and electric charges and creating a system under which benefits from the appreciated yen are passed on to consumers has been delayed. Japan's economy, which has made a moderate recovery, is now being tested in its ability to continue that recovery and reform itself.

Mitsubishi-Tokyo Bank Merger Plan Welcomed

Bank Presidents Visit Takemura

OW2903024695 Tokyo KYODO in English 0229 GMT 29 Mar 95

[FBIS Transcribed Text] Tokyo, March 29 KYODO—Finance Minister Masayoshi Takemura signaled to heads of Mitsubishi Bank and the Bank of Tokyo on Wednesday [29 March] that he will bless their planned merger to form the world's biggest private bank, ministry officials said.

Mitsubishi Bank President Tsuneo Wakai and his Bank of Tokyo counterpart, Tasuku Takagaki, visited the Finance Ministry in the morning to report their plan to merge the two major commercial banks, a move they confirmed publicly Tuesday night.

Takemura indicated the ministry's basic intention to approve the megamerger, welcoming the imminent birth of a domestic and international financial colossus with assets of 72 trillion yen, the officials said.

The beaming executives arrived at the minister's second-floor office just before 10 A.M. and, according to Wakai, apologized for being slow to report their plans to the ministry.

Wakai and Takagaki held a hastily called news conference Tuesday night to confirm a blizzard of news reports of the merger. That left Takemura in the position of telling reporters Tuesday afternoon that he had heard nothing of the merger from his ministry's banking bureau chief.

The executives explained their plans to Takemura and offered him some "bright" news concerning Japan's beleaguered financial sector, Wakai said, adding that the deal, to be completed by April of next year, "will yield big benefits for both banks."

Takemura at Press Conference

OW2903041795 Tokyo KYODO in English 0351 GMT 29 Mar 95

[FBIS Transcribed Text] Tokyo, March 29 KYODO—Finance Minister Masayoshi Takemura expressed approval Wednesday [29 March] of a planned merger between Mitsubishi Bank and Bank of Tokyo. Takemura said at a press conference, "I appreciate the decision" on the merger, which he said will meet customer needs for "sophisticated banking services at home and abroad toward the 21st century."

The minister said the merger, announced by the two banks Tuesday, will have an impact on the entire financial industry.

"Other financial institutions seem to have strong interest in the decision...They are desperately making efforts to reduce the burden of nonperforming loans," Takemura said.

The ministry will proceed with the necessary legal procedures when details of the merger are worked out, he said.

Takemura declined comment on whether the merger will accelerate the reorganization of Japan's financial industry.

The merger is an important move at a time of globalization, though there might be some concern about shares and the existing order in the domestic market, Takemura said.

"I expect them to play an active part in the international financial system, in terms of quality," Takemura said.

In Tuesday's amalgamation report, which will create the world's largest bank, the two banks announced they intend to merge by April next year at the latest, but details have yet to be determined.

Takemura said the presidents of the two banks first informed him of the planned merger early Tuesday.

"They said they have a strong intention to merge...But did not elaborate on details, either a specific merger date or personnel," Takemura said.

Generally speaking, a bank merger takes several months, Takemura said, suggesting that the huge merger might be realized by April next year.

The presidents cited three purposes in the merger. The first, Takemura said, is to create an internationally competitive bank, in response to rapidly globalizing and borderless financial markets as the next century approaches.

The second is to offer financial services of a high quality, to meet diversified customer needs. The third is to become a new banking institution, through the two banks offsetting each other's weak points, he said.

FTC Foresees No Problems

OW2803135995 Tokyo KYODO in English 1105 GMT 28 Mar 95

[FBIS Transcribed Text] Tokyo, March 28 KYODO—The Fair Trade Commission [FTC] said Tuesday [28 March] it foresees no problems standing in the way of a planned merger between the Bank of Tokyo and Mitsubishi Bank.

Commission officials said it is unthinkable that the merger will result in the monopoly of the market by the two banks.

The officials said the fair trade watchdog will start reviewing the merger immediately after an application is filed by the two institutions.

The study will focus on the outstanding balance of deposits and the amount of foreign exchange trading, they said.

The officials, however, did not rule out the possibility that the commission will seek steps to be taken by the banks with regard to foreign exchange trading or the outstanding balance of deposits at certain branches if the volume is too high.

Business Community Welcomes

OW2803105595 Tokyo KYODO in English 1037 GMT 28 Mar 95

[FBIS Transcribed Text] Tokyo, March 28 KYODO—The business community generally welcomed Tuesday [28 March] the planned merger between the Bank of Tokyo and Mitsubishi Bank.

Masaru Hayami, chairman of the Japan Association of Corporate Executives (Keizai Doyukai), described the merger as "a forward looking step" amid the global move toward financial reorganization. He expressed the hope that the two banks will create new business opportunities through the amalgamation.

Kosaku Inaba, chairman of the Japan Chamber of Commerce and Industry, said he hopes the merger will contribute to the stability of the financial system.

The news of the merger was welcomed by general trading houses which have close business ties with the banks. It is welcome that the business foundations of the two main banks will be strengthened, they said. The steel industry also welcomed the merger as contributing to the stabilization of financial and capital markets. Mitsubishi group members said the merger will bring immeasurable benefits to the group.

Minoru Makihara, president of Mitsubishi Corp., said the merger will have a favorable impact on the stagnant Japanese stock market. He said the company has had close business relations with the Bank of Tokyo and the merger will make it easier for Mitsubishi to further strengthen their collaboration.

Banker Welcomes MOF's Fiscal, Monetary Policy

OW2803102995 Tokyo KYODO in English 0901 GMT 28 Mar 95

[FBIS Transcribed Text] Tokyo, March 28 KYODO—A top Japanese private banker welcomed Tuesday [28 March] a short-term fiscal and monetary policy announced Monday by the Finance Ministry [MOF] to alleviate fears of adverse effects of a strong yen and tumbling stock prices on the nation's economic recovery.

Toshio Morikawa, head of the Federation of Bankers Associations of Japan, said at a press conference, "The finance minister's strong resolution is a timely one amid growing uncertainty over the economic outlook due to the yen's recent rapid appreciation and drops in stock prices."

Morikawa expressed his hopes that the government will take action in a timely and appropriate manner in line with the policy.

Morikawa said the economy remains on a moderate recovery path.

Although the real economic growth in the October-December quarter turned to the minus side, corporate capital investment is touching bottom and individual consumption is recovering on the back of income tax cuts and stable prices, Morikawa said.

Morikawa noted, however, the economic strength is not so strong that the yen's further gains and lower stock prices could not but have no small negative effects on the economy.

"I hope the foreign exchange and stock markets regain stability as soon as possible," Morikawa said.

Morikawa brushed aside concerns over possible adverse effects of stumbling stock prices on the ongoing disposal of nonperforming loans by financial institutions.

Morikawa, president of Sumitomo Bank, said, "My bank's policy of expediting the disposal of bad loans remains unchanged."

Regarding the liquidation of affiliated nonbanks by three regional banks in western Japan, Morikawa said it showed their positive stance toward writing off bad loans based on the judgment of each bank's management.

Turning to Tokyo Kyodou Bank, which took over two failed credit unions, Morikawa reiterated his hopes that the Tokyo Metropolitan Government will eventually provide 30 billion yen in assistance with low-interest rates regardless of who becomes Tokyo governor in the April local election.

The metropolitan assembly decided early in March to freeze its financial aid and left a final decision to the new governor.

"I hope they will take action by seriously assuming their responsibility of supervising the credit unions and avoiding financial insecurity," Morikawa said.

Meanwhile, Morikawa said Sumitomo Bank is ready to disclose information on off-balance trading, mainly derivatives deals, at the end of the current business year on March 31.

The industry's standards for such disclosure, however, have yet to be thoroughly discussed after a final conclusion on the issue is made by the Financial System Research Council, an advisory body to the finance minister, he said.

Reform of Fiscal Loan, Investment Program Urged

952A0388A Tokyo FORESIGHT in Japanese Jan 95 pp 94-97

[Article by Atsushi Miyazaki, chief researcher, Japan Research Institute]

[FBIS Translated Text] Debate over government policy will heat up when members of the Murayama administration face off against the New Frontier Party-led opposition camp at the regular Diet session scheduled to convene on 20 January. The ruling coalition is made up of members of the Liberal Democratic Party, Social Democratic Party of Japan, and Sakigake [Harbinger] party. The debate will first focus on the deliberations of the lower house Budget Committee, centered on the initial fiscal 1995 budget compiled by the Murayama administration.

In the budget discussions, the Murayama administration's sincerity in pledging fiscal reform will be tested. Diet members will look for specific measures in the fiscal 1995 budget that aim to achieve a "small government," such as the two-year postponement of an increase in the consumption tax (until April 1997) and consolidation of government-operated special corporations. Furthermore, administrative fiscal reform is certain to be a major issue in all of the elections to be held this year. The unified regional elections will get into full swing in early spring, an upper house election will be held in the summer and a lower house election appears more and more likely to be held by the end of the year.

However, neither the government's recognition of the need for fiscal reform, nor its response can be deemed sufficient. The "key" to the accomplishment of fiscal reform is a simultaneous revision of the General Account and the fiscal loan and investment program. Japan's fiscal loan and investment program has the largest funding scale in the world. Unfortunately, the government has yet to present an actual plan for such simultaneous reforms.

In the following article, I will expose the true state of the Japanese Government's finances by analyzing the fiscal 1995 budget. At the same time, I will show why the fiscal loan and investment program is the "key" to fiscal reform.

Decline in Total Budget Figure Deceiving

The proposed fiscal 1995 budget, which was drawn up on 25 December 1994, is an "ultra-austere" budget. The budget totals 70.9871 trillion yen, down 2.0946 trillion from the initial budget for fiscal 1994 for the first year-on-year decline in 40 years, since the fiscal 1955 budget. As long as we look only at the total budget figure, the fiscal 1995 budget appears to be the start of the government's full-scale advance into the second stage of fiscal reconstruction, as Finance Minister Masayoshi Takemura declared.

However, is it appropriate to conclude that the fiscal 1995 budget is an ultra-austere plan that represents the second stage of fiscal reconstruction on the basis of the total budget figure alone? The answer is no, primarily because the amount of general expenditures allocated in the budget has increased. As the General Account becomes more inflexible and the relationship between the pros and cons more complex, it is vital that an evaluation of the budget focus on the scale of general expenditures, which reflect the government's operating costs. General expenditures can be computed by subtracting the cost of government bond servicing and tax grants to local governments from the total amount of the budget. In the fiscal 1955 budget, both the total amount of the budget and the amount of funds allocated for general expenditures were reduced from the year-earlier levels, the latter by 2.9 percent. In the fiscal 1995 budget, however, general expenditures are up 1.2869 trillion yen, or 3.1 percent from fiscal 1994, outpacing the comparative increase of 2.3 percent in the fiscal 1994 budget. Furthermore, during the era of fiscal rebuilding in the 1980's, the government consistently cut the amount of funds allocated for general expenditures in the budgets compiled in the five years through fiscal 1987, albeit by small increments. Thus, the government has actually expanded the budget as compared to fiscal rebuilding measures implemented in the 1980's as well, despite being plagued with the worst financial position in the postwar era.

Moreover, the fiscal 1995 budget contains several measures that will cause government spending to swell from a medium-term perspective. For example, the budget allocates funds for the government's new plan to invest 630 million yen in public works. Second, the size of the farm business-related budget has increased in conjunction with the ratification of the Uruguay Round. Third, the government is relaunching the Gold Plan, an ongoing program for care improvement for the elderly. Fourth, the budget allocates funds for the construction of new bullet train facilities in the Hokuriku, Tohoku, and Kyushu regions of Japan. However, the government has not indicated clear-cut ways in which it will obtain the financial resources for these projects. Thus, the budget is planted with many seeds that will cause the scale of government spending to balloon in the future.

The fiscal 1995 budget could invite an all-around expansion of fiscal spending from a medium-term perspective, contrary to the impression left by the drop in the total budget figure. In fact, the Ministry of Finance has curtailed the total budget for form's sake by suspending, as a special measure, certain fund allocations that are required under law. For example, it has suspended the "fixed-rate transfer" rule under which a sum equivalent to 1.6 percent of outstanding government debt at the beginning of the previous fiscal year must be transferred into the debt-consolidation account to service government bonds. On the other hand, the substance of the growth in fiscal spending, as reflected in general expenditures, has been left unchanged or expanded. Thus, the fiscal 1995 budget is actually a "swing back to a big government" such that fiscal demand will increase in the future and fiscal reform is put on hold.

Where will the government find the financial resources to cultivate these seeds of fiscal spending that are buried in the fiscal 1995 budget? It will obtain some of the resources by increasing the public's tax burden and stepping up government bond issues. However, the fiscal loan and investment program, which exists close and yet far from the people, will have to shoulder most of the burden. Thus, the government will be compelled to use the program as an invisible source of funding for Japanese fiscal spending to a large extent, similar to its stance to date.

Vicious Cycle of Fiscal Spending and Fiscal Loan and Investment Program

The money for the fiscal loan and investment program comes from postal savings, national pension schemes, and other nontaxable funds. Under this system, money is allocated to government-affiliated financial institutions, such as the Housing Loan Corp. (HLC) and Small

Business Finance Corp., and other quasi-governmental corporations, such as the Japan Highway Public Corp. and corporations that promote housing and urban development. Through these government-affiliated corporations, a variety of government financial policies and improvements to the social infrastructure are carried out. The total scale of funding extended through these institutions as of the end of fiscal 1994 was estimated at over 400 trillion yen, for the world's largest public financial institution. The expansion of this world's largest public financial institution, or fiscal loan and investment program, has drawn attention because these quasi-governmental institutions compete directly against commercial banks. It is widely known that the postal savings system and the policies of government-affiliated financial institutions have been harshly criticized time and time again. On the flip side, the fiscal loan and investment program has played a major role in supporting the government's makeshift budget maneuvers that will cause fiscal administration to swell hereafter.

The first way in which the program has supported the budget manipulations is in its capacity as a "stopgap for fiscal deficits." It has played a direct and indirect role in plugging deficits in the General Account and Special Account. For example, the General Account's liabilities to the fiscal loan and investment program (fund management department) have been deferred. The General Account's liabilities, which include debt inherited from the defunct Japan National Railways [JNR] and the JNR Settlement Corp., exceed 11 trillion yen. Deficits have also been plugged through the shelving of liabilities in the government-managed health insurance scheme and the supply of funds to the Special Account for Trade Insurance and the National Forest Service Special Account.

With regard to the Special Account for Trade Insurance, funds have been channeled through the fiscal loan and investment program to this account for the rescheduling of trade bills owed by countries with accumulated debt, such as Russia and Eastern European nations. This supply of funds is treated as a short-term fund operation of under five years. Consequently, it is not included in the fiscal loan and investment proposal that is submitted to the Diet each fiscal year along with the budget because that plan focuses on long-term fund operations of five years or longer. As of the end of fiscal 1993, a total of 674.4 billion yen had been supplied to the Special Account for Trade Insurance through the fiscal loan and investment program.

On the other hand, fund operations concerning the National Forest Service Special Account are contained in the fiscal loan and investment plan that is submitted to the Diet. Funds from the fiscal loan and investment program have been used to pay for retirement allowances and machinery purchases in this special account. These fund operations totaled 2.9290 trillion yen as of the end of fiscal 1993. Of course, this supply of funds could be referred to as necessary and vital to the rebuilding of the National Forest Service Special Account. However, the value of national forest assets, which is the basis for the rebuilding plan, is determined by adding up various costs, such as the cost of resources and personnel needed for reforestation and training. Consequently, the assets are greatly overvalued relative to their current value. Thus, the appropriateness of carrying out these fund operations under the realm of fiscal loan and investment, which is supposed to represent funds given in exchange for a service rendered, is questionable.

In all of these cases, national savings, such as postal savings, pension funds, and other nontax funds, have been applied to cover a deficit in the general budget despite the fact that this wealth of funds deposited by the public is supposed to be used in exchange for a service rendered. This practice must be promptly stopped. Meanwhile, the fund position in the general budget is deteriorating and the general budget is becoming more inflexible. Against this backdrop, the fiscal loan and investment program will inevitably be used as a deficit stopgap on a larger scale and more permanent basis.

The second way in which the fiscal loan and investment program has supported the budget maneuvers that will cause fiscal spending to swell hereafter is through the purchase of large volumes of government and municipal bonds. Purchases of municipal bonds, in particular, through the program have driven the 45 trillion yen in economy-boosting measures that were implemented in the wake of the bubble economy's collapse. This economy-boosting package rests on the expansion of autonomous public works projects in various regions of Japan. The fact that government and municipal bonds are purchased through the fiscal loan and investment program means that the national government has the dual role of both issuing and digesting government and municipal bonds. These bond purchases have enhanced the absorption of bond issues, especially municipal bonds with a low liquidity, and enabled the government to implement fiscal policies in a flexible manner. On the other hand, this practice has also been a major factor in inflating fiscal spending.

However, the most noteworthy point concerning the budget manipulations through the fiscal loan and investment program is the upswing in funds extended to outside public corporations. In fiscal 1995, as many as 60 quasi-governmental institutions will receive fiscal loan and investment funds. The majority of these institutions are government-operated special corporations that are currently being pressed to reorganize. Of the 92 institutions that meet the Management and Coordination Agency's narrow definition of a special corporation, about one-half are allotted funds through the fiscal loan and investment program. Under the fiscal reforms centered on the General Account, the amount of general expenditures and the scale of funds allotted to central ministries and agencies have been curtailed in form. However, special corporations, mainly institutions that receive fiscal loan and investment funds, have taken over this dominion, so that general expenditures have essentially continued to swell. The wealth of funds in the fiscal loan and investment program has played a major role in absorbing the expansion of fiscal demand and administration based on this growth in the financial scale of special corporations.

These quasi-governmental bodies, including government-affiliated financial institutions, have sought to expand their operating sphere and scale in the name of their "public nature" and the "importance of policies." Accordingly, their use of funds given for services in return has increased, but essentially in operating spheres in which taxable funds allotted for free ought to be used. This expansion of their operating spheres is reflected in the increase in funds transferred from the General Account and Special Account to these quasi-governmental institutions. The amount of subsidies and other funds transferred from budget accounts to cover the deficit generated by the backspread of these quasi-governmental institutions has risen annually. In fiscal 1994, such transfers surpassed 3.2896 trillion yen (see Table 1). Given that fiscal expenditures and the fiscal loan and investment program are managed together, it has become impossible to examine the two separately. Against the backdrop of the steady expansion of fiscal demand, the deterioration of the government's finances has led to an increase in the manipulations of the fiscal loan and investment program. This, in turn, has led to a vicious cycle whereby the effectiveness of the program declines as the amount of funds transferred from the General Account to the program increases. Consequently, fiscal reforms must rest on the central theme of revising the fiscal loan and investment program at the same time as the rest of the budget.

Table 1. Payments to Quasi-Governmental Institutions Funded by Fiscal Loan and Investment Program

(Unit: Billions of Yen)

Fiscal Year	General Account	Special Account	Total
1994	1,823.9	1,465.7	3,289.6
1993	1,752.3	1,425.6	3,177.9
1992	1,712.1	1,360.3	3,072.4
1991	1,647.7	1,276.2	2,923.9

Source: Materials submitted to the upper house Budget Committee, released by the Ministry of Finance.

Hidden Deficits Remain

However, the fiscal loan and investment program itself, which has absorbed these budget manipulations, is currently facing a major turning point. In the past era of regulated financial markets, the program has functioned by tapping a wealth of financial resources at a low cost, through the postal savings and national pension systems, and applying these funds at a low cost. The program's functioning is becoming increasingly warped amidst financial liberalization, however, because the government can no longer find a cheap, stable source of funds easily. Meanwhile, fund operations through the program are becoming more inflexible because the program is managed together with the rest of the budget.

The initial budget for the fiscal loan and investment program in fiscal 1995 is up only 40.098 trillion yen, or 1.8 percent, from the initial budget for fiscal 1994 (in terms of the general fiscal loan and investment program). The significant curtailment of growth reflects a shortage of financial resources. However, it would be premature to conclude that the expansion of the program and its absorption of general budget manipulations have subsided. This is because quasi-governmental institutions that receive funds through the program are expanding their financing scale and absorbing the general budget manipulations by raising private-sector funds and essentially swallowing the deficits. Thus, private-sector funds, which are not positioned in the budget for the fiscal loan and investment program, and the expansion of the real deficits of quasi-governmental institutions are absorbing the budget contrivances. Consequently, the hidden deficits in the program are deepening and in turn, distorting the functioning of a variety of quasi-governmental institutions.

The growing scale of the HLC's extraordinary losses is a prime example of this sort of distortion. The HLC is a representative government-affiliated financial institution that has played a major role in improving the housing environment in Japan. However, interest subsidies and other funds that are transferred from the general budget to cover the HLC's funding shortfalls have failed to keep up with the expansion of its operations. Consequently, the HLC has essentially become a deficit-plagued institution with extraordinary losses of over 300 billion yen (as of fiscal 1993). Given that the HLC is a financial institution with an equity ratio of close to zero, steady fund transfers from the general budget have become indispensable. As a seed of "hidden government debt," this sharp expansion of the HLC's extraordinary losses poses a major problem in terms of fiscal management. This is a new memory.

The size of the HLC's extraordinary losses fell sharply in fiscal 1990 as a result of fund transfers from the General Account, but subsequently returned to an expansionary course. Meanwhile, the allocation of funds in the General Account has become increasingly rigid due to the slump in tax revenues and appearance of factors that inflate government spending. Against this backdrop, the HLC will continue to harbor a hidden deficit.

A deficit has also lingered in the Overseas Economic Cooperation Fund, through which Japan has consistently sought to expand its international contributions. This is because the government has made a habit of extending loans to developing countries at interest rates that are below its fund-raising rates. Consequently, the government adopts measures to cover the deficit in this fund every year, such as capital injections and other fund transfers. Table 2 shows the amount of funds transferred from the general budget to the HLC, Overseas Economic Cooperation Fund and JNR Settlement Corp., another quasi-governmental institution strapped with accumulated debt, and the accumulated deficits of each organization. These institutions have continued to carry forward fund shortfalls and other losses despite a steady supply of funds from the general budget. This pattern indicates that the vicious cycle whereby the effectiveness of the fiscal loan and investment program declines as the amount of funds supplied from the General Account increases is becoming more serious. Thus, an overhaul of fiscal loan and investment system is a pressing matter. Many other quasi-governmental institutions are also saddled with losses, such as the People's Finance Corp. and the corporation that manages the bridge linking the islands of Honshu and Shikoku.

Table 2. Financial Status of Major Quasi-Governmental Institutions Funded by Fiscal Loan and Investment Program

Fiscal 1994 Basis (Unit: Billions of Yen)

Name of Institution	Amount Transferred From Budget Accounts	Financial Status
Housing Loan Corp.	404.5	Extraordinary loss: 302.8
Overseas Economic Cooperation Fund	364.7	Losses carried over: 92.5
JNR Settlement Corp.	98.6	Losses carried over: 19,374.1

Source: Monthly statistics released by the Ministry of Finance.

Negative Impact on Financial Liberalization

The measures undertaken in fiscal rebuilding to date, which were dwarfed by the General Account, have generated distortions in the fiscal loan and investment program. However, these distortions have shifted to quasi-governmental institutions that receive funding through the program as the program's strength has diminished. Consequently, a true promotion of administrative fiscal reform cannot focus only on certain parts of the budget, such as the General Account and special corporations. Instead, the central theme must encompass a radical revision of the current method of fiscal management and the fiscal loan and investment program. In other words, the shift of budget manipulations to outside institutions and the escalation of such contrivances must stop. There are three important points to remember in conducting these radical reforms.

First, the reform of special corporations must not simply end in the privatization and consolidation of these institutions. Those institutions that could be privatized in a relatively short time, such as the corporation that manages the Teito Expressway, are efficiently run organizations. If these institutions are simply spun off, the remaining fiscal loan and investment program will be inefficient. Also, special corporations differ from private corporations in terms of accounting methods and other respects. For example, they record depreciation expenses and loan-loss reserves differently and use different asset-valuation methods. Many quasi-governmental institutions have hidden deficits, such as insufficient internal reserves to cover depreciated assets. If these institutions are privatized without disclosing their real financial situation to the public, the burden on the private sector will be unexpectedly heavy and the government will run the risk of generating a second and third JNR settlement corporation. Thus, privatization and other solutions should be investigated only after these institutions have adopted accounting methods that meet the standards of private corporations and disclosed their financial status to the public.

Second, the financial position of many special corporations has become strained as a result of expansionary plans. For example, the Japan Highway Public Corp.'s limitless extension of expressways has caused its overall profitability to fall, its debt to swell and road tolls to increase. It must review and more clearly define its basic administrative ideals and vision. For example, it needs to formulate a strategy for highway administration for the entire country.

A third component of an overhaul of the fiscal loan and investment program must encompass the financial reform of special corporations, not just administrative reform. The fiscal loan and investment program poses a problem in terms of pitting commercial banks against the national system of postal savings and government-affiliated financial institutions. However, there is also the risk that fiscal distortions will substantially hinder progress toward financial liberalization because finance and administration are managed uniformly in the fiscal loan and investment program. To date, the public sector has absorbed a huge amount of private-sector funds in an effort to sustain the fiscal loan and investment program, with its rigid and hidden deficits. This framework distorts the flow of funds in financial markets and accordingly, hinders the accomplishment of market principals.

It is vital that the fund allocation systems for both the general budget and the fiscal loan and investment program be overhauled in response to the ongoing changes in the Japanese economy and financial system. Fiscal reform today requires a strong leadership that can accomplish these sweeping changes.

Vice Minister of Trade Interviewed on Economy

OW2903004595 Tokyo GAIKO FORUM in Japanese Mar 95 pp 2-4

[Interview with Tomio Tsutsumi, administrative vice minister of international trade and industry, by GAIKO FORUM editor-in-chief Kazuki Kasuya: "Japan at the Crossroads: A Fix or a Chance?"]

[FBIS Translated Text]

An Era of Industry Choosing the Country

[Kasuya] Mr. Tsutsumi has been making comments in various publications to the effect that "Japan is at a crossroads of either being in a fix or facing an opportunity." There was an abundance of arrogant comments regarding the Japanese economy in the eighties. However, since the bubble has burst, in a complete reversal, pessimistic arguments have spread that there will not be much hope for the Japanese economy in the future. In such an environment, I felt your argument was refreshing.

[Tsutsumi] Japan is standing today at a turning point, 50 years later after World War II.

One of the "fixes" I mentioned is that the international economic situation has greatly changed: the East-West wall has crumbled; East Europe and China have entered the world economy; industrialization in Asia, India, and South America has rapidly developed; and great change in the world market supply structure has been occurring.

The wages in these countries are low, and the environment is really bad. Therefore, it is natural that they have a desire to improve their living standards and to become affluent. However, as a result, international economic boundaries have expanded. The products they produce are cheap, and the quality has improved. Great competition has emerged, and Japan is in a position of being pursued.

The second point [or "fix"] is the high yen [Y] issue. The high yen is accelerating great competition. Of course, when one evaluates the current situation only in the context of the high yen, one will not be able to see such issues as why Germany is worrying about hollowing out and why the United States is worrying about Asia. It is not just Japan that is in trouble. We must not fail to see that there is a drastic change in the worldwide supply and demand structure in the background.

The third is the domestic problem. It is becoming gradually clear that Japan is a high-cost society. Today, the yen to dollar conversion rate is Y100 to the dollar, but we feel that the real worth of a dollar is Y200 in our day-to-day life. Inside Japan, the yen does not have that much value. To put it another way, Japan is a very high-cost country, as is clearly indicated in the great gap between Japanese and foreign prices.

There are $1-to-Y200 industries that are protected from foreign competition. On top of such a structure, $1-to-Y100 industries are piggybacking. As long as the present situation continues, even if the steel industry achieves rationalization, for example, as long as all the Japanese $1-to-Y200 industries exist, $1-to-Y100 industries have no choice but to move overseas.

Therefore, in the sense that the economic problems Japan is facing are grave, I think it is in a fix. That is revealed in the phenomenon whereby industries have gone overseas. The country's development and industrial development are out of synch. As for the machinery industry, for example, production by Japanese enterprises in total world production has increased, but the enterprises' domestic production has decreased. This may not be surprising in Europe, but in Japan, the time has arrived when enterprises choose the country: they produce in the most advantageous location. The enterprises can develop in such a manner as well, but employment, taxes, welfare, and other issues will remain in the country.

Economic Growth Will Be Possible by Responding to Developed-Country Type Demands

[Tsutsumi] These factors are the core of the fix. Can nothing be done about it? My feeling is no, that is not the case.

First, Japan is at the center of Asian growth. We also have good technology and markets. We have a large number of people who produce superior goods, and we have money (trade surplus) too. Directly considering this kind of existing situation, there can be plenty of opportunity to be a part of the Asian growth trend, if we adopt wise measures.

In concrete terms, we still have a lot of money. We have a surplus of Y13 trillion and are lending money to other countries every year. However, there is a line of thought that such an era of abundant money will not last long. Savings will surely decrease in countries with aging populations. Therefore, according to our calculations, our current account may be in deficit by 2010 if nothing is done. Also, the current savings rate may only hold good for another 10 years. So the next 10 years will be the important period for determining the trends for 21st century Japan.

Then what should we do? First, there is the fundamental issue as to whether the Japanese economy should grow. If there is no desire for goods and services, economic growth is not necessary.

I have had occasion to talk with young people. They seem to have all sorts of "wants," such as "want to be healthy"; "want to live in a nice, big house"; and "want to have a mobile phone." As long as there is demand for "wants" and there is the money and technology to produce such goods, there is still room for economic growth.

There is enough demand, good technology, good manufacturing industry, and money for the time being in Japan. If we can utilize those factors wisely and respond to developed-country type demands, while being supported by advanced technology, Japan will surely have a "chance."

For instance, let us say there is a demand to deal with global warming in a developed country. If there is technology to deal with it, even if it was initially for domestic use, it may be demanded on a worldwide basis.

I could explain in more detail: If there is a product that has firm roots in an advanced country's nature or is uniquely Japanese, the container named "filling Japanese demand" could become larger. If we can ride on the trend of Asian growth by responding to good demands with good technology, we might be able to multiply the entirety of Asian demand.

Aging Takes Place at Unparalled-Speed in Japan

[Kasuya] What sort of measures could we take for that?

[Tsutsumi] First, deregulation. We must enable the Y100:$1 industries to remain in the country by improving efficiency. Without deregulation, new industries cannot emerge either. As for mobile telephones, because of deregulation taking place, great demand was created. We must believe that we do this for ourselves, not because other countries tell us to do so.

However, deregulation is very strong medicine. In other words, it is to restructure. As a consequence, the unemployment rate will go up. So political measures to prevent a rise in unemployment are also necessary. For that purpose, as a second important point, the field of new industry—the economic frontier—must be wholeheartedly expanded as well. It is necessary as a political measure to have already existing industries get into new fields or to support and encourage the very active, so-called, venture businesses.

The third is public investment. It is often said that it is no good just to build roads (laughter). However, a countermeasure consideration for dealing with the high yen is behind this. The yen is higher than its worth, so the high yen must be stopped.

There is an important but not too well-known mathematical equality. The Japanese produce general savings of Y450 trillion every year. Out of this, about Y300 trillion is spent on consumption, such as drinking and eating. The remaining Y150 trillion is left as savings for the future. However, out of these savings, so called "investment"—to build factories and roads—is made. And the difference after investment is subtracted is the current account.

In Japan, this difference of subtracting investments from savings reaches Y13 trillion every year, and Japan lends this to other countries. Japan has tried to persuade the world by saying that "this is quite an achievement," but they do not seem to accept such current account amounts. In that case, the Y13 trillion that is lent out to other countries—if it is not being utilized—should be directed to public investment. Through reducing the current account, Japan will be trying to correct the high yen.

The reason for business to go overseas is high domestic costs. So by deregulation, Japan is trying to deal with the high cost through better efficiency and to correct the high yen with the public investment device. Using such methods, we must retain the manufacturing industry's buds. I fear most about destroying all the buds and taking them overseas. As long as good buds remain, they could limitlessly grow sideways: and Japan can succeed economically.

To become a developed country, however, is to become a country with an aged population. As I mentioned somewhat earlier, aging will progress in Japan with a speed unparalled in the world. In Japan, the proportion of the aged population will reach 20 percent from 10 percent in 22 years. It took Sweden and Germany 50-60 years to make a similar shift. This is quite rapid. As a result, it is clear that the current account will definitely go down.

So, knowing that is imminent, we must deal with it. In the next 10 years, we must reactivate the Japanese economy. I feel that while we still have that ability, we must reform the economic structure.

MITI Preparing Policy on Auto, Parts Imports

952A0411D Tokyo NIKKAN KOGYO SHIMBUN in Japanese 16 Jan 95 p 1

[FBIS Translated Text] The Ministry of International Trade and Industry [MITI] has concluded its importation promotion measures on foreign-made automobiles and auto parts to be implemented in fiscal 1995. In addition to holding foreign-made high-tech parts exhibitions and conducting a new study of the actual situation of distribution in the domestic automobile and auto parts market, it will implement measures to strengthen the super low interest financing system and expand the product import promotion tax system. Automobiles and auto parts are areas that make up half of the surplus in the balance of trade with the United States and have become subject to the most attention in the negotiations by field of the Japan-U.S. comprehensive economic talks. For this reason, MITI's policy is, according to the Machinery and Information Industries Bureau, "to grapple to the greatest extent possible with improving market access within the range that government authority extends."

Among their activities, the study of the actual distribution situation will include establishment by June of a specialized committee composed of people of experience and academic standing as well as people with experience in industry. This committee will commission private organizations, etc., to examine 1) the current situation concerning the condition of sales and distribution of foreign made cars and issues for dealers in handling imported vehicles, 2) gather and verify data on such things as the amount of imports of foreign automobiles and auto parts by Japanese manufacturers, 3) the distribution, transaction conditions, and trading practices concerning repair parts, 4) measures for promotion of distribution and expansion of public relations, etc. The

1995 fiscal year budget has secured 20 million yen for the study. It will prepare a report by May or June 1996, and make its official announcement to domestic and overseas firms.

Also, the foreign-made high tech parts exhibition will be held after being established along with the "Second International Transport System (ITS) World Conference" to be held on 9 November in Yokohama. Depending on conditions, MITI is scheduled to assist with exhibition expenses on the occasion of exhibition of new products manufactured by foreign countries.

In addition to this, it will continue in fiscal 1994 to accept the holding of import vehicle shows, "design in" training, parts conference projects, and auto parts sales missions.

Meanwhile, it will improve the super low interest financing system by the Japan Development Bank for equipment and facilities related to the exhibition, sale, inspection, etc., of imported products and will abolish the former prerequisite of "a greater than 50 percent import ratio." By doing this, it is expected that there will be increased expansion of dealers of Japanese-made cars into sales of imported cars.

Also, it decided to improve the product importation promotion tax system that can tax exempt 10 percent of the imported amount of items subject and add to the list of parts subject, such as rubber tubes, hoses, etc., for use in automobiles, beginning in fiscal 1995 and extend the system itself two years until March 1997.

MITI Promotes Regional Auto Parts Tax System

952A0409C Tokyo NIKKAN KOGYO SHIMBUN in Japanese 13 Jan 95 p 2

[FBIS Translated Text] It has been revealed that the Ministry of International Trade and Industry [MITI] is requesting Indonesia's participation in the interregional automobile parts tariff preference agreement "BBC Scheme" being implemented between the three nations of Thailand, Malaysia, and the Philippines. The objective to boost the effect of cultivation of the auto parts industry in the Southeast Asian nations. Although the auto parts industry in the region is able to demonstrate a mass production effect, there are limitations in Southeast Asian countries' cultivation of individual parts makers on the aspect of market scale. For this reason, in order to expand the nations bound by this agreement, MITI's idea is to improve the investment environment of Japanese auto parts makers and to cultivate this region into a global auto parts supply base.

The BBC Scheme started in 1988, put forward by MITI with the objective of cultivating the auto parts industry in Southeast Asian countries. The agreement decreases auto parts distribution tariffs by one-half, which energizes auto parts distribution within the region, so an effect of promoting a system of division of labor in parts production can be anticipated. However, there have been cases up until now where this was not actually put into practice and there were no perceptible effects. For this reason, MITI once again requested implementation by the government of Thailand which was not executing tariff preferential measures because it resulted in reduced tax revenues, etc. In conjunction with this, MITI coaxed Indonesia, whose economic growth is remarkable, into the scheme to expand "liberalized" auto parts in the Southeast Asian region and resolved to support improvement of international competition in the auto parts industry in that region.

Nissan Chairman Discusses Industry Issues

952A0411B Tokyo NIKKEI SANGYO SHIMBUN in Japanese 31 Jan 95 p 11

[FBIS Translated Text] (Sapporo) In the "NIKKEI SANGYO SHIMBUN Seminar" held in Sapporo by Nihon Keizai Shimbun Company, Nissan Motor Company Chairman Yutaka Kume gave a speech on "issues in Japanese industry." The gist of the speech was as follows:

Although the economic situation is improving, this time the environment differs from economic recoveries that have been experienced in the past. Specifically, 1) we are experiencing a strong yen that is separate from the actual capability (of domestic industry), 2) economic globalization has advanced to another stage, 3) the greying of society is advancing rapidly, 4) the market is changing qualitatively with the advance of price wars, etc. Among these, especially significant issues for the Japanese economy will be to deal with the advance of the strong yen and globalization.

First of all, regarding the strong yen, there is the problem being generated by the advance of deindustrialization as domestic firms move their production bases overseas. Behind the yen becoming stronger than the actual capability is the difference in productivity among domestic industries. Although the exchange rate reflects the high productivity of sectors that are competing internationally, sectors that are not competing internationally have extremely low productivity.

If the productivity gap between domestic industries remains as it is as firms move their production base overseas, it will only shrink Japan's economy.

The international economic friction that occurred due to advances in globalization is also a major problem. Although economic friction between Japan and the United States has continued since the 1970's, its form is changing along with the changing age. The fact that coordination has moved from being multilateral to bilateral is especially making resolution of the problem difficult.

In the economic friction between Japan and the United States concerning automobiles, the United States has the perception that "systemically, the market has a strongly closed nature" and "there are obstacles to entry that are illegal" with respect to Japan.

In contrast to this, the Japanese side has tried to cope by 1) reinforcement of OTO [Office of the Trade and Investment Ombudsman] (office to handle complaints about market opening problems) activities, 2) international industrial cooperation and assistance to developing nations, 3) efforts to expand domestic demand, and others, but the solution is not easy. Especially, when it is an industry that belongs to a field that is sacred to the partner nation, as is the case with U.S. automobiles, the problem becomes even more serious.

In order to cope with this advance in the strong yen and globalization, economic structural reform will be essential.

This will include the important task of deregulation. Deregulation will have the effect of 1) rectifying the domestic and overseas price difference, 2) creating new business opportunities, 3) streamlining administration, 4) energizing free competition, etc., which should be aggressively promoted to benefit Japan as well.

In addition, in order to bring about structural reform, the industrial world must create a new framework that does not become bogged down by the old framework concerning the nature of project management, employment and wage systems, etc. Administratively, a policy of horizontal cooperation that breaks through the vertical system is required.

The Japanese manufacturing industry has until now been supported by the thick tier of leading technicians, the high quality of workers on the production line as well as the strong capabilities of small and medium-sized subcontracting firms. However, in the future, due to the advance of the elderly population simultaneous with the diminishing number of young workers, the fluidity of the labor force will probably accelerate. Therefore, wide-ranging handling through technical innovation in industry, creation of a new Japanese culture and the training of personnel by the reform and enrichment of education, etc., will be necessary.

Mitsubishi To Cease Exports From Australia

952A0410D Tokyo NIHON KOGYO SHIMBUN in Japanese 24 Jan 95 p 14

[FBIS Translated Text] On 23 January, Mitsubishi Motors Corporation will suspend the export of its ordinary passenger car "Diamante" currently being performed mainly to Europe and the United States within the year and will switch to exporting the total quantity from its Australian production base. Accompanying this, it will also start production in Australia of a newly developed V-6 2.5-liter lean-burn engine car. The aim is to avoid exchange market risk by switching from domestic exportation to exporting from the Australian production base.

Will Also Localize Lean-Burn Engine Production

Mitsubishi is planning to use its Australian production base Mitsubishi Motors Australia (MMAL) as its export base. According to 1993 results, MMAL is currently producing 52,445 units of such sister cars of the "Diamante" as "Magna," "Verada," etc.

Accompanying a model change of the "Diamante" domestically which it plans to implement at the Australian base as well, Mitsubishi will begin production at the end of the year when it will suspend exports from Japan and switch to exporting all quantities from Australia.

Mitsubishi's actual cumulative record of exports of completed "Diamante" cars from the end of 1990 to the present was 93,800 units and it appears that the approximately 2,000 units per month average production at MMAL will be increased.

Also, the lean burn engine is a new engine that began to be installed domestically on the occasion of a model change and accompanying the switch to exporting from Australia, cars equipped with the engine will be produced locally. Future production of the engine will also be examined.

Toyota Strengthening Auto Parts System in Asia

952A0409D Tokyo NIHON KEIZAI SHIMBUN in Japanese 23 Jan 95 p 13

[FBIS Translated Text] Toyota Motor will strengthen the mutually complementary system of auto parts in Asia. In addition to significantly increasing the parts it deals in to approximately 100 items, such as engines, transmissions, etc., from the current 12 by 1998, it is going to improve the distribution system to handle progress in the complementary system. Toyota is planning to launch low-priced cars specifically for the Asian market by 1997. Amid the escalation of offensives by European, U.S., and Korean manufacturers, it will aim to secure international cost competitiveness under a strong yen by accelerating parts localization and intensification.

Toyota, aiming to reinforce its complementary system, has been investigating manufacturers including parts manufacturers since 1991. It has recently compiled the results of that investigation and will increase mutual interchange through opportunities provided by future model changes and launching new models. Although specific items on the list have not been revealed, it is thought they will consist of basic parts such as brakes, etc.

At present, centered on the Association of Southeast Asian Nations (ASEAN) region, parts in more than 10 nations and regions, including Taiwan, Australia, the Republic of South Africa, etc., are being interchanged. The actual transaction record for 1994 amounted to approximately 16 billion yen. By three years the items being dealt will be increased more than eightfold.

Meanwhile, Toyota is proceeding with improvement of distribution that is expected to become more complex with the increase of items. As the first step, in February 1995 it will make an overall change from the current marine transport of supply parts between Thailand and Malaysia to truck transport. Compared to marine transport, the advantages of trucks are that 1) it will be possible to reduce harbor expenses incurred by reloading for customs clearance, etc.; and 2) by truck it will be possible to shorten the transport time to one-fourth, or two days, from the eight days it takes for transport by ship, etc., and this is expected to lead to an approximately 20-percent reduction in costs. Between the two countries, a total of five items are being mutually exported, including diesel engines made in Thailand, steering links made in Malaysia, etc., and the actual transaction results for 1994 were approximately 300 million yen.

Even with regard to marine transport, the policy is to increase from the current one shipment per week to two or three shipments per week. It intends to perform detailed distribution control by going on-line with distribution management and is also studying personnel increases.

Toyota is in the process of making appreciable expansions of production facilities in Thailand, Indonesia, Taiwan, and elsewhere,

and in around 1997 will increase its production capacity in the Asian region to nearly double the current capacity to an annual 520,000 units. Also, in response to rising passenger car needs, it is accelerating its Asian strategy through such activities as starting production of Toyota's first special-purpose Asian passenger car (Asia Car) in Thailand in 1997 based on the small passenger car "Tercel."

UH Passes Bill Banning Chemical Weapons

OW2903095695 Tokyo KYODO in English 1431 GMT 29 Mar 95

[FBIS Transcribed Text] Tokyo, March 29 KYODO—The Upper House [UH] on Wednesday [29 March] passed a bill prohibiting the manufacture, possession and use of chemical weapons.

The legislation, a prerequisite for Japan to ratify an international treaty banning chemical weapons, is expected to be enacted Thursday upon approval by the Lower House.

The bill provides for a maximum of life imprisonment for using chemical weapons, and imprisonment of up to seven years or fines of up to 3 million yen for producing or possessing chemical weapons.

The government-proposed draft bill originally said it would come into force in summer next year, when the treaty is scheduled to become effective. But the draft was amended to say it would be enforced within three months after being promulgated. The amendment was rushed through after the March 20 sarin nerve gas attack on the Tokyo subway system, which killed 10 people and made more than 5,000 others ill.

The government is also preparing to submit to the current Diet session another bill on banning the use of sarin and other poisonous materials, which can be applied even if the materials are not considered as weapons.

On Monday, the three ruling coalition parties approved a draft bill submitted by the National Police Agency calling for life imprisonment as the maximum punishment for the use of sarin to harm people or property.

Cabinet To Review National Defense Program

OW2903111695 Tokyo KYODO in English 1039 GMT 29 Mar 95

[FBIS Transcribed Text] Izuhara, Japan, March 29 KYODO—Defense Agency Chief Tokuichiro Tamazawa said Wednesday [29 March] the government will compile a draft revision of the National Defense Program outline by August to replace current defense policies.

Tamazawa told a press conference at this garrison town of the Ground Self-Defense Force on Tsushima Island, Nagasaki Prefecture, that the cabinet of Prime Minister Tomiichi Murayama will endorse the draft within this year.

This is the first time the Defense Agency has indicated a schedule for presenting a new concept for the National Defense Program outline, which has served as Japan's basic defense policy since 1976.

Tamazawa also said the government will fix the next five-year defense buildup program starting from fiscal 1996 at the same time.

A government draft on the outline is needed by August, when the Defense Agency will decide how much to demand from the Finance Ministry for its budget for fiscal 1996, Tamazawa said.

Tamazawa said the agency will officially decide its own draft for the National Defense Program outline and the next five-year buildup plan by May.

As for the Asian military situation, Tamazawa expressed concern over China's movements, saying, "We must pay heed to a change in military balance in Asia in view of China's expansionary moves centering on the Spratly Islands."

This is the first visit in eight and a half years by a defense agency chief to Tsushima, an island located between Japan's southernmost main island of Kyushu and the Korean peninsula.

Tamazawa visited the island because of the growing importance of Tsushima in national defense, given the uncertain situation on the Korean peninsula, Defense Agency sources said.

DA Increases Number of Items Designated Secret

OW2803103595 Tokyo KYODO in English 1005 GMT 28 Mar 95

[FBIS Transcribed Text] Tokyo, March 28 KYODO—The Japan Defense Agency [JDA] has increased the number of items it designates "secret" in connection with citizens' demands that local authorities disclose information on a local military facility, agency sources said Tuesday [28 March].

On Tuesday, Naha District Court Judge Yasue Inaba said the court did not see any necessity to keep the information about the Antisubmarine Warfare Operation Center (ASWOC) closed as a secret related to national defense.

Similar centers throughout Japan gather and analyze information on submarines and command military operations.

In September 1989, Naha Mayor Kosei Oyadomari decided at the request of local residents to release floor plans and other documents related to the ASWOC of the Maritime Self Defense Force (MSDF).

The state filed suit shortly after, maintaining that a disclosure of the information would jeopardize national security.

At the end of 1993, the agency held some 1.99 million documents considered secret, including 8,157 "defense secrets" and 134,386 "agency secrets."

The total represents about an 11 percent increase since 1989 and Oyadomari's decision to release the MSDF facility information.

The agency gives priority to "directives concerning the preservation of secrets," "defense secrets" and "agency secrets" and are classified into three categories of secrets.

According to agency sources, the most secret category includes items concerning the strategic analysis of other countries and U.S.-Japan defense secrets while the next category of top secrets include communications information and items concerning antisubmarine strategies.

Agency officials acknowledged that the information on the center cannot be considered secret, but MSDF officials are concerned that a specialist could guess plenty about the center's operations from the layout of the facility.

* Editorial Urges Crisis Management Reform

952B0121A Tokyo ASAHI SHIMBUN in Japanese 14 Feb 95 p 5

[Editorial: "The Accepted Theory of Crisis Management Is Dangerous"]

[FBIS Translated Text] *National Defense and Earthquake Disaster*-It is a mistake to understand crisis management only in the sense of the implementation of strong national measures. First must come prevention followed by an assortment of measures to avoid a worst case situation. National defense is not only about defense against external aggression, but involves protecting the people from disasters, and it is only natural that the SDF [Self-Defense Forces] would be used. It is also for that reason that the SDF must extract itself from the type of organization dedicated to dealing with the Cold War.

The Osaka-Kobe Earthquake once again made us aware of how poorly Japan's various systems function 50 years after the end of the war.

Everyone had felt that political mechanisms were not functioning well. However, no one had thought that things were this bad. It was not possible to rescue people trapped under their collapsed homes; it was not possible to extinguish the raging flames. What is going on here?

In that sense, the recent major earthquake disaster was more convincing than any lecture on political science could be. Different from the Great Kanto Earthquake, the misery and political impotence were instantly transmitted nationwide via television. Not only the disaster victims but even people without any direct connection were given an object lesson in which they were able to immediately perceive in concrete terms the true situation of politics where it appeared just like a machine whose power cord had been severed.

There is no doubt that after this earthquake there were many people who were surprised to see a map of "Japan's active fault zones" for the first time. The whole archipelago is riddled with active fault zones and we are sleeping on a veritable nest of earthquakes.

In fact, this has long been the case. As was graphically detailed in the *Hojo Chronicle*, this is a nation that has repeatedly been visited by massive earthquakes since early times. In the future as well, there will probably be numerous large earthquakes on a comparable scale to those that have occurred in the past.

Be that as it may, what is the reason behind the inability of the earthquake safety system to function?

First of all, Japan's ancient views on natural features and impermanence become an obstacle. There has been a strong sense that nothing can be done because it is an act of Nature.

Second, Japanese of the postwar period have become insensible to crises. Having grown accustomed to safety and convenience, they have a tendency to forget how the crises of this world should be handled. For instance, we have not only neglected to teach our children not to "hit," but that "even if you do ever get into a fight, never aim for the head or the stomach."

Third, the political world has taken complete advantage of this type of thing. Instead of investing massive funds for a disaster that may occur once in several decades, its theory has been to first concern itself with problems close at hand. It has tried to keep from spending money as much as possible by lowering estimates of worst-case scenarios from not seven on the seismic scale, but from six and then to five.

Fourth, on the other hand, massive funds are being poured into military preparations. I don't know about other countries, but for the Japan of today, the greatest crisis will not be war but earthquake disasters. At least this is the case when viewed from the probability of occurrence. Although there may be a problem in making simplistic comparisons between defense costs and earthquake countermeasure costs, the difference between the two is excessive.

On the point that once they occur, compounded major disasters cannot be averted and the very continued existence of the nation would be imperiled by a mistake in handling, war and major earthquakes (especially earthquakes that strike directly beneath major cities) resemble each other. There are many things that can be learned from war countermeasures when taking earthquake countermeasures.

However, these two have definitive differences. In most cases of war there is some sort of prior indication before the war actually breaks out, and, at least if one has the desire, it is possible to search for ways of avoidance in advance through negotiations, among other things. However, this is not the case with a direct earthquake occurrence. The current situation is that prediction is difficult, so it could be characterized as a surprise attack.

In this way, earthquake countermeasures present greater difficulties than war countermeasures. In order to seriously consider earthquake countermeasures, it will probably be necessary to have a measure of enthusiasm, patience, funding, and organization that exceeds the requirements for defense capability preparation.

By nature, national defense is not just a matter of preventing external aggression and repulsing the enemy but also seeking to confine damage due to major disasters to a minimum. There is nothing especially new about this idea. In particular, the world's troops in the post-Cold War period, whose relative importance as a fighting group is declining, have a more significant duty than ever before to rescue their own nation's people at the time of disasters.

Japan should do this as well. It is only natural that the SDF, which devotes itself exclusively to defense, would dedicate significant energy in disaster relief within its territories just as it would to obstruct an invasion. However, to that end, the SDF must take this opportunity to weaken by one notch its character as a fighting group for dealing with the Cold War, and make its equipment, formation, deployment, training, and drills, etc., more suitable to disaster relief. For instance, how would it be if it withdrew its massive tanks formally approved in 1990 and Aegis escort warships that were supposed to deal with the Soviet threat, and instead modified its equipment for use in disaster relief?

Judging from the complexity of running of modern cities, countermeasures for earthquakes in large cities must be of the comprehensive warfare type. It will be up to how efficiently the central government and municipalities and their attendant police, fire-fighting, SDF, public corporations, etc., can mobilize and fight through an all-out war.

Currently, an extreme "crisis management" argument is rampant. People talk as though if only there were a crisis management system under national leadership, all the difficult problems would be settled. However, it is a mistake to think of crisis management as merely a wartime law system concept and only stress the implementation of strong national measures.

Crisis management, in short, should be day-to-day politics itself. First of all, planning ways of predicting, preventing and avoiding is required. Next, the utmost efforts should be made to try to confine damage to a minimum in the event of a crisis happening despite those efforts. Lastly, measures to prevent recurrence of crises must be prepared and put into practice.

Along with research on earthquake prevention, there must be national development that will promote decentralization of functions, such as capital relocation, etc., in order to prevent a worst case situation. There must be fundamental revision of priorities in public works investment, such as roads, parks, fire fighting water tanks, improvement of transport methods, etc., that will be useful in emergencies. Moreover, attempts to strengthen cooperation between rescue networks, such as police, fire-fighting, the SDF, etc., should be made. Crisis management should be an assortment of that sort of honest work.

A problem that is being overlooked by crisis management is the role of regional municipalities. First of all, we should reconfirm that protection of residents is first the job of the municipalities. If it is judged to be necessary for the residents, the governor should not hesitate to request calling out the SDF, and mayors and village leaders should also urge prompt dispatch. Also, keeping resident rescue and evacuation in mind, it is desirable that cooperation not just be confined to neighboring prefectures, but duplicate or triplicate preparations are desirable by concluding mutual agreements with other urban and rural prefectures.

Once these activities are carried out to an adequate degree, crisis management in its narrower sense, such as centralization of information and strengthening the functions of the prime minister's official residence, will come into play for the first time. No matter how quickly information reaches the center, and no matter how quickly the SDF tries to be ready to be dispatched, if the public works disaster relief line is not secured, optimum results cannot be expected.

Likely Government Reshuffles in FY95 Reported

OW2903105895 Tokyo KYODO in English 1015 GMT 29 Mar 95

[FBIS Transcribed Text] Tokyo, March 29 KYODO—Kasumigaseki, the home of Japan's central government offices, will be swept by reshuffles of high-ranking career bureaucrats at the beginning of the new fiscal year in April, informed sources said Wednesday [29 March].

At the Finance Ministry, the sources said, Vice Finance Minister Jiro Saito, who was regarded as the mastermind of a botched tax rise plan last year, will resign from his post.

Saito, who joined the ministry in 1959, will be succeeded by Kyosuke Fujisawa, director general of the Budget Bureau, they said.

Takeshi Komura, director of the Secretariat, will be promoted to director general of the Budget Bureau, the sources said.

They said Nobuyuki Teramura, director general of the National Tax Administration and be replaced by Tadashi Ogawa, director general of the Tax Bureau.

Toshihiko Tsuruoka, vice minister of agriculture, forestry and fisheries, will resign and be succeeded by Hirofumi Ueno, director general of the Food Agency, the sources said.

Ttutomu Tanaka, vice minister of the Economic Planning Agency, will resign after serving in the post for two years, they said.

Tanaka will be succeeded by Makoto Kobayashi, vice minister for economic affairs, the sources said.

Vice Transport Minister Michihiko Matsuo will be replaced by Minoru Toyoda, director general of the Transport Policy Bureau, they said.

At the Construction Ministry, Vice Minister Shigeo Mochizuki will step down and be replaced by Haruho Fujii, vice minister for engineering affairs, the sources said.

Haruki Matsuno, vice minister of posts and telecommunications, is likely to be retained, they said.

* Koichi Kato Criticizes 'Anachronistic' MOF

952B0137A Tokyo GENDAI in Japanese Apr 95 pp 95-96

[Interview with Koichi Kato by Yoshito Koeda: "'Declaration of War' on Anachronistic Finance Ministry Bureaucrats"; place and date not given]

[FBIS Translated Text] [Koeda] In the consolidation and review of special-status corporations, the best point of Murayama administrative reform, there was a fierce confrontation with Finance Minister Masayoshi Takemura concerning the handling of government-affiliated financial institutions, such as the question of integrating the Japan Development Bank and the Export-Import Bank of Japan.

[Kato] Takemura is the head of Sakigake [Harbinger], which was strongly advocating abolition and integration of special-status corporations. The Liberal Democratic Party [LDP] did not start this issue, but if it attracts this much attention we have to do it. Therefore, on 2 February we informed Takemura: "We can agree to integration of the Japan Development Bank and the Export-Import Bank of Japan."

The Ministry of Finance [MOF] brought forth a counterargument against this which does not constitute a counterargument: "Integration would be like operating a noodle shop and a curried-rice shop together." Then, is The Industrial Bank of Japan not conducting overseas business? Even private-sector banks are conducting both domestic and overseas business. The cause of Japan having a bad reputation in the world is huge trade surpluses. Therefore, the LDP's perception is that the Export-Import Bank of Japan's role of supporting exports has ended.

In spite of the fact that we are supporting Takemura in this way, he did not understand, and was irritated. Even in regard to the compromise plan to merge the Tohoku part of the Hokkaido-Tohoku Development Corporation into the Japan Development Bank, we studied it seriously beforehand within the LDP, contacted Diet members elected from Tohoku, and were persuading them and laying the groundwork.

[Koeda] Was Finance Minister Takemura unaware of those moves by the LDP?

[Kato] It was probably not correctly transmitted. But later we met with him directly and dispelled the misunderstanding, and I think that early in March we will be able to produce the first conclusion concerning the integration of government-affiliated financial institutions.

[Koeda] I suppose there was probably also considerable resistance from within the LDP, not just Sakigake.

[Kato] All sorts of people had opinions, but we explained it thoroughly, and were able to obtain their understanding. President (Yohei) Kono, Secretary General (Yoshiro) Mori and so on supported it.

[Koeda] The sense of crisis of the opposing Ministry of Finance was also very strong, was it not.

[Kato] The main point was wishing to have the courage to continue voicing the simple problem: "The Export-Import Bank of Japan is not needed when we are reducing the trade surplus." Seeing the Ministry of Finance in confusion led to self-confidence.

"The Director of the Secretariat Lacks the Will To Do It"

[Koeda] But the resistance of the Ministry of Finance must have been awful. I hear that you turned away MOF executives who came to appeal. Would you comment on that?

[Kato] At a time when every government agency is shedding tears and blood because of administrative reform, one cannot very well say that the Ministry of Finance alone is already finished by the deregulation of salt. Because other agencies are also paying attention to the attitude of the Ministry of Finance, which is the elite of officialdom. But it is not true that I turned away all the executives. Administrative Vice Minister (Jiro) Saito and Banking Bureau Chief (Yoshimasa) Nishimura also came. But I have been saying to Secretariat Director (Takeshi) Komura since the end of last year: "I do not want to listen to your argument. Because it lacks the spirit of reform."

At the time of the Miyazawa cabinet we tried to correct the disproportionate emphasis on Tokyo University graduates among government public service workers. In spite of the fact that every agency is implementing that, the MOF alone has, conversely, increased the ratio of its employment of Tokyo University students. Omura said: "We are appealing to (university students) from here and there, but those from other than Tokyo University do not join the ministry." Since he is voicing that kind of ridiculous excuse, I said: "I do not want to listen, so do not come any more." He lacks the will to do it. Nishimura came and went on arguing against integration of the Japan Development Bank and the Export-Import Bank of Japan, but that is natural for the director of the responsible bureau.

Well, in any case, the question of government-affiliated financial institutions will certainly be settled sometime this fiscal year.

[Koeda] But something on the level of integration of the Export-Import Bank of Japan will still be far from drastic administrative reform, and it will not by any means be possible to erase the impression of it being something for the sake of appearance.

[Kato] Actually, the fixed number of staff of special-status corporations increased by about 300 persons overall in the time of the Hosokawa government. We reduced it by 100 persons. In regard also to government officials retiring to good jobs in such institutions, in the current consolidation and rationalization we also decided to limit the proportion of bureaucrat alumni in these corporations to a maximum of 50 percent. That side is truly important. But the media have hardly reported that fact at all.

[Koeda] In closing, Prime Minister (Tomiichi) Murayama is being attacked by opposition parties for a lack of leadership in regard to countermeasures on the Great Kobe-Osaka Earthquake, and administrative reform, and even a possibility of his retirement is being whispered. When does it seem likely that the first dissolution of the Diet and general election by the system of single-seat election districts will take place?

[Kato] Right now Murayama is the only one who can serve as prime minister. The past eight months of the Murayama government have produced great positive accomplishments. For the LDP's part, we are really thinking that coalition government is also profitable. The general election will be in February 1996. After compiling the budget for the next fiscal year, I suppose. At that time we will campaign with Murayama as prime minister.

[Boxed item: *Koichi Kato. Born 1939 in Yamagata Prefecture; graduated Faculty of Law, Tokyo University. Elected to lower house eight times. As chairman of LDP's Policy Affairs Research Council promoted plan to integrate Japan Development Bank and Export-Import Bank of Japan.*]

* Hashimoto's Management Style Examined

952B0128A Tokyo SEIKAI ORAI in Japanese Mar 95 pp 70-73

[Article by Taro Wako, economic journalist]

[FBIS Translated Text] Both politicians and bureaucrats are in the midst of an upheaval. Hashimoto has the bureaucrats of the Ministry of International Trade and Industry [MITI] eating out of his hand. Should we be impressed by his method of operation?

How the Wolf in Sheep's Clothing Got the Personnel System Back on Track

Of all the denizens of Nagata-cho, this man probably is the winner of the contest for popularity with bureaucrats. He has held all the key ministerial posts (minister of transport, health and welfare, and finance). With the advent of the Social Democratic Party of Japan [SDPJ]-Liberal Democratic Party [LDP] coalition government, he was appointed minister of international trade and industry. He is none other than Ryutaro Hashimoto, the LDP's most plausible candidate for the next prime minister. The bureaucrats like him, and he's a whiz at getting the bureaucrats to see things his way. Once, during an television appearance, Hashimoto made the following comment about the bureaucracy: "It's an enormous think tank. Politicians must learn to use that think tank to their advantage."

How could bureaucrats not like someone who makes statements such as "Kasumigaseki's personnel matters are Kasumigaseki's affair. Politicians have no business interfering." How could they not like this politician whose political philosophy includes the acceptance and recognition of the bureaucrats, just the way they are? His rating is equally high among the bureaucrats at MITI, which he's headed for less than a year.

With an unusual, year-end announcement of top-level personnel changes at MITI, and the installation of Tomio Tsutsumi as the new administrative vice minister, Hashimoto has demonstrated that he has an iron grip on the ministry.

We think that it would be worthwhile to delve into the way Hashimoto manipulates bureaucrats.

First, let us look at a case in which a politician's interference affected personnel decisions at MITI. In December 1994, it seemed practically certain that Masahisa Naito, then Industrial Policy Bureau chief, would be MITI's next administrative vice minister. But the minister at the time, Hiroshi Kumagai (then a member of Shinseito [Japan Renewal Party]), demanded Naito's resignation, citing an announcement the latter had made about a personnel matter as a pretext. At first Naito resisted, saying, "I can't accept this. You'll have to fire me." But realizing that he had "brought the ministry's operations to a halt," he submitted his resignation, and left the ministry that same month.

It is rumored that Hideaki Kumano, administrative vice minister at the time, was involved in this drama in which politicians interfered in ministerial personnel affairs. Kumano's having allowed such intrusions generated increasing resentment within the ministry. Kumagai acted as he did because he wanted to garner public sympathy for the Shinseito by exercising his legal power as minister over MITI, by penetrating the fortress which had always remained impregnable to the LDP.

A look at bureaucratic history tells us that the error made by Kumagai when he was minister, i.e., political interference in ministerial personnel matters, is one that bureaucrats have never tolerated. Such meddling has resulted only in defeat or resentment. Here is an instance from the recent past. Toward the end of the 1970's, Minister of Agriculture Kaneko (now deceased) attempted to exert his influence to get the candidate of his choice appointed as administrative vice minister. Perhaps because Kaneko himself was involved in the fishing industry, he favored the bureaucrat who was director general of the Fisheries Agency. Kaneko ignored whatever plans the ministry had concerning this position, and announced the promotion of the director general of the Fisheries Agency to administrative vice minister in the newspapers. Needless to say, this announcement earned him fierce opposition from the ministry's bureaucrats, and Kaneko's protege never became administrative vice minister. In Kaneko's case, the motivations were somewhat childish, but Kumagai's interference smacked of politics, which one would expect in troubled times. However, bureaucrats don't care about motives. They react violently to any sort of interference from politicians.

When the reins of government shifted unexpectedly from the hands of Hosokawa's coalition to those of the LDP-SDPJ coalition, no one was more surprised or dismayed than vice minister Kumano, who had been assisting the Shinseito. He was twice as surprised when the LDP chose Hashimoto to head MITI. At that point, Kumano's prompt resignation was a sure thing.

But at the press conference after his installation, Minister Hashimoto stated that he "wasn't concerned about past personnel matters." Kumano must have been extremely relieved to hear that. This was the Hashimoto style at its finest. He had his prey caught in a trap, with nowhere to hide and no way to escape. All he needed to do was to find out what the prevailing sentiment at MITI was. Then the wolf in sheep's clothing would be in control. He had said that he disapproved of politicians' interfering in ministerial personnel affairs. Of course, he was interfering, and in no small way, but ...

The first action taken by Hashimoto was to restore Naito's honor. After Naito resigned from MITI, he had left Japan and taken a position as visiting professor at Georgetown University in the United States. He returned to Japan in August, after the change of government. Upon his return, Hashimoto invited him to act as MITI advisor on overseas conferences. This was an attempt to repair Naito's reputation, since the position offered is on a par with vice-ministerial rank. Naito now boasts advisory positions with Sanwa Bank and MITI's Institute of Energy Economics.

At around the time Naito's honor was restored, a rumor about Vice Minister Kumano began spreading, i.e., that there would be major personnel changes in 210 days, or in early September. The 210 days would be counted starting from the time when Kumano decided to stay on at the ministry. The 210th day would arrive in early September, and the rumor implied that the personnel "typhoon" would hit at that time. The usual fall personnel changes were postponed and, in the meantime, Hashimoto was probably exerting his influence, and not in a subtle way.

The story is that Hashimoto was trying out his wolf in sheep's clothing strategy. For instance, whenever the opportunity came up, he would cast doubts about the way Kumano ran ministry affairs, making comments such as "what a gloomy place this ministry is." He also apparently told Kumano, "If I were in your shoes, I would submit my resignation."

And the typhoon did hit, though three months later than expected. Last December, after completing his work on the FY1996 budget, Kumano resigned. Tomio Tsutsumi, who had succeeded to Naito's position as Industrial Policy Bureau chief after the latter's resignation, became the new administrative vice minister.

When asked if he felt he was leaving unfinished work behind, Kumano replied, "My career began and ended with industrial structure policy, and it was an extremely fulfilling one." To the question, "Were you forced to take responsibility for the personnel mess?" Kumano replied, "It was my own decision, and had nothing to do with accepting responsibility."

Kumano's demurral notwithstanding, what happened at MITI was clearly a personnel shakeup, because even though Kumano had finished drawing up the ministry's budget for the next fiscal year, the conventional wisdom of the bureaucracy is that the person who prepares the budget is responsible for seeing that it passes safely through the Diet.

But judging from the fact that no one at the ministry voiced dissatisfaction or discontent in connection with this extraordinary personnel shuffle, we can assume that it reflected the prevailing sentiment at MITI. The consensus was that the ouster of Kumano would normalize the personnel situation there.

Hashimoto's stock soared in value once again when he removed Kumano, the man who had allowed politicians to meddle in the ministry's personnel affairs.

Saito's Armor: Just Cause

Will there be repercussions from the LDP toward the bureaucrats at the Ministry of Finance [MOF], who are, along with the denizens of MITI, the quintessential bureaucrats? After all, these two ministries were the main supporters of the former coalition. When it was decided, at a cabinet meeting last July, that the current administrative vice ministers at the MOF and MITI would continue to hold their positions, there were objections raised by some cabinet members. In contrast to the personnel reshuffle that occurred at the end of last year, there are no signs of such a situation arising at the MOF.

Administrative Vice Minister Jiro Saito, the man who conceived the national welfare tax, and who earlier broached another controversial policy, the international contribution tax, remains unscathed. What accounts for the different situations at these two ministries? The quick answer is another question: was there just cause? In proposing both taxes, the ultimate aim of the MOF was a tax increase; these were attempts to improve the nation's financial situation. Saito was apparently willing to enter into a pact with the devil himself if it would permit him to increase taxes, but he had no personal agenda whatsoever. This is what makes his situation completely different from that of Kumano, and is why Kumano was attacked. No one had detected Saito's Achilles' heel.

However, the MOF is not without its own problems. One of them is that Masayoshi Takemura, chief cabinet secretary in the former coalition, and from whom the MOF withheld information during the time he held that position, is now minister of finance. When his appointment became fact, shock waves ran through the ministry. We have not yet heard about any collisions between Takemura and the MOF bureaucrats, but signs of miscommunication between him and the bureaucrats crop up everywhere one looks. Even the defenseless LDP has not yet begun to battle with the MOF bureaucrats, who boast the greatest power in Japan, control over the nation's budget.

Going back to our original subject, what is behind the political battles that resulted in personnel assignments at MITI being used as a tool?

MITI is often referred to as "the ministry that can do anything it pleases, or nothing at all." After World War II, when Japan was desperate to rebuild its economy, the drafting of industrial policies was a meaningful undertaking. But now that industry has matured, the times are beginning to demand liberation from industrial policy. This means that industry is attempting to wrest itself from MITI's administrative guidance. By promoting industrial policy, the bureaucrats are essentially cutting their own throats. That is what is meant when people refer to MITI as "the ministry that doesn't need to do anything." The results are that the bureaucrats are not encouraged to draft industrial policies, personnel assessments are relegated to the back burner, and the bureaucrats shift their energy to obsessive factional battles.

Factional battles often result in bureaucrats making the worst possible choice: colluding with politicians. As one bureaucrat who is waiting for the aftershocks from the MITI personnel shuffle to subside put it, "I've raised my periscope, just the way submarines do, and I'm keeping watch over the situation here."

There was another personnel matter involving MITI that took place at the end of last year. Makiko Tanaka, director general of the Science and Technology Agency, announced that she was removing Kinju Atarashi from his position as director of the ministry's secretariat and transferring him back to MITI, the parent organization, where he had begun his career.

Tanaka Style Versus Hashimoto Style

The trouble started at an executive meeting at the Science and Technology Agency held late last year. The most important item on the Murayama government's reform plan was a review of special-status corporations. Atarashi had asked Director General Tanaka to refrain from naming corporations targeted for dissolution or mergers. He reportedly told her that "Kasumigaseki (the bureaucracy) is a public institution, and not the property of the director general." Tanaka was angered by his statement, and revealed it to those present at the meeting. Atarashi was summoned to the prime minister's residence by Chief Cabinet Secretary Igarashi, and told that these words were inappropriate for someone whose duty it was to assist the director general.

The Science and Technology Agency ultimately decided that it was best to remove Atarashi, since it was important that relations between Tanaka and her staff be good, if their work was to proceed smoothly. What is interesting is Hashimoto's reaction upon hearing about the development.

Hashimoto voiced disapproval of Tanaka's decision, though obliquely, saying, "I hope to take full advantage of his talents when he returns to MITI." Although Hashimoto won the approval of his staff at MITI for "protecting" a MITI bureaucrat, his choice of words presented a challenge.

Atarashi had served concurrently as deputy director of the International Trade and Industry Research Institute [tsusho sangyo kenkyujo] and as head of the Research Department at MITI before he was assigned to the Science and Technology Agency. At the agency, he served first as head of the Science and Technology Promotion Bureau. Last July he was appointed as director of the agency's secretariat. For MITI bureaucrats, this is the fast track. When Hashimoto announced that he hoped to use Atarashi to greater advantage at MITI, the personnel department was forced to find the latter an appropriate position, which meant a position not lower than the rank of vice minister. The power structure at the ministry was such that the personnel department could not fire Atarashi after Hashimoto had made his pronouncement. Hashimoto had vowed not to interfere in personnel matters, but the ministry bureaucrats ended up pandering to him.

Less than six months after taking office, Hashimoto has the MITI bureaucrats wrapped around his little finger. The question is whether Hashimoto's method of handling the bureaucrats will pass muster at a time when the political and economic situations are in transition. During the period of economic growth after the war, and during the period of stability built up by the LDP, powerful politicians served as a windbreak for the bureaucrats. But now the public is demanding that politicians extricate themselves from the old system. This writer believes that bureaucrats who, in their hopes for reforms, depend on politicians to push them through, are taking the wrong path. A ministry that allows itself to become the private property of its minister should be put on the chopping block. Now that the raison d'etre of the bureaucrats is being questioned, they should defend that raison d'etre, and propose policies that will lead to reforms. Even if they end up digging their own graves, they should not stray from that path.

The MOF deserves praise for continuing to propose policies and to execute them diligently, without fawning to anyone, even amid reports that its foothold is disappearing.

The main task for the Murayama government, and for succeeding governments, will be to find a way to run the nation as inexpensively as possible. Will the politicians who are capable of the required leadership be of the Hashimoto type, or of the type that confronts the bureaucrats directly, e.g. the Tanaka type? Or, in the long run, will they end up as tools of the bureaucrats? Relationships between politicians and bureaucrats, as well as the balance of power between them, are bound to be quite different from what they were during the LDP's reign.

Environmental Industry Facing Changes

952A0404A Tokyo NOMURA SEARCH in Japanese Jan 95 pp 44-46

[Article by Shinya Terasaka, researcher, Research and Planning Department, Nomura Research Institute: "As Concept of 'Cycle' Spreads, Environmental Industry Faces a Period of Structural Reform"]

[Text] **State of Environmental Industry and Three New Trends**

The environmental industry is a regulation business comprised of investments made to clear regulations. The main environmental regulations in Japan have a strong characteristic of being a response to the crisis of the major social problem of pollution in the latter half of the 1960's and have centered on those regulations implemented around 1970. As a result, they are not at all equal to the concept of a "cycle" which today's global environmental problems require. But these days, a revision of the existing legal framework and the establishment of new laws are proceeding from the point of view of "global environmental protection" and "a social recycling framework" as embodied in the Basic Environment Law established in 1993, the reform of the Waste Disposal Law prior to that, the enactment of the Recycling Law, and enhancement of regulations governing drainage.

Against this historical background, environmental technology in Japan has emphasized the disposal of waste once it has been separated from non-waste. The technological standard for this has reached a world-class level so it would be difficult to expect any further major, technological innovations in this area. Where a future value-added capability can be created from a technological standpoint though, it is that which aims at "recycling," such as solid renewal of incinerated ash and greater sewage system use, which have not drawn much attention until now.

Looking at the business areas separately, the largest markets have been related to waste and renewable resources. Characteristically, the companies involved in the processing market have tended to be big-name companies that are leaders in shipbuilding, steel, and machinery, while the companies involved in the service industry have tended to be smaller or medium-sized companies. Within this, the waste disposal and renewable resources market for which the distribution function is the main business has only been marginally attractive to "hard" manufacturers that seek economies of scale because a quantitative plan is difficult to formulate for this market. However, as one can see from the participation of large-scale corporations in service markets, such as waste disposal and soil purification, a constant strengthening of regulations is evincing gradual structural changes. Given these changes in the business environment, three trends are emerging in the environmental industry.

Growing Business Opportunities for Environmental Services

The first trend is the expansion of business opportunities for large-scale companies in the environmental services market where in the past small to medium-sized firms had been concentrated. The environmental services market can be broadly divided into three areas: environmental consulting, purification of contaminated soil, and waste disposal and renewal.

First, the soil purification market, with its large potential market (approximately 200 billion yen), is expected to pick up over the next three to four years. Until now, the few regulations relating to soil purification pertained to land used for agricultural purposes, however new conditions are gradually arising from the demand-side such as: 1) In February 1994 environmental standards for trichloroethylene were set so that over the next two to three years the number of areas to be regulated will expand—in particular, one can expect stronger regulations whose focus is broadened to cover land after it has been used by private-sector factories. 2) Even before such regulations are enhanced, demand for stronger regulations may surface from companies that emphasize measures taken against environmental risk. 3) The market may pick up rapidly precisely because the number of contaminated sites is enormous (organic, chlorine-contaminated sites in Japan alone are estimated to number 5,000).

Also, one can see that interest in this is growing among corporations, because of the new business opportunities and because of the measures to combat against environmental risk—as evidenced by the fact that the number of member corporations of the "Soil Purification Forum," which was 30 when it began (including general contractors, plant manufacturers, and waste disposal firms), exceeds 70 today. In addition, the ingredients for the market to pick up are coalescing from the supply side as well among leading corporations; already technology is being introduced at a level that makes business feasible, and verifiable research is making progress.

And on the one hand, in the waste disposal and recycling industry, a major business which already exceeds 3 trillion yen, a selection process of mostly transportation-type, small to medium-sized corporations has been taking place as a result of the continued strengthening of regulations, including implementation of the Recycling Law in 1991 and the amendment to the Waste Disposal Law in 1992; meanwhile, the big corporations with their powerful fund capabilities have begun to enter the market in earnest as well. Three points can be made against this backdrop.

1. The "processing industry" is shifting from being transport-centered to being centered on large-scale plants.
2. Among companies producing a high volume of emissions, plans to reduce the volume of waste and to recycle are beginning to be introduced and soil for which quantitative planning is possible is being devised.
3. Given the trend toward charging for general trash removal (approximately one-third of the nation's almost 3,300 local and municipal governments have instituted fees), demands for efficiency, unvoiced until now, have begun to be heard and there is a growing possibility that general trash removal will be entrusted to the private sector.

At the same time, there is a good chance that environmental consulting as a sole business will drop off after the year 2000. To start with, regulations governing the core business of environmental consulting, i.e. environmental assessment (the system of evaluating a given effect on the environment before the fact), are still weak at this point (the only guidance on this has been as was determined by a cabinet decision; no law exists; and the guidance is only applied to very large-scale development projects). Moreover, though the environmental oversight business has garnered attention with the coming conclusion of the ISO (International Organization for Standardization) Series 1400, this is only because the move toward introducing outside oversight by the companies that would be the subject of the oversight is slow-going at this point.

From "Disposal" Technology to "Renewal" Technology

The second trend is to come out with a new value-added capability that is based on a mature "disposal" technology and on "renewal" (recycling) technology.

The market for municipal trash processing has continued to drop year-on-year for the past two years and for the next five years is predicted to plateau at the 1991 level of 540 billion yen in total orders. There are four points that can be raised with regard to the background for this: 1) The large-scale purifying factories that were constructed in the latter half of the 1970's have entered a period of renewal. 2) The overall volume of trash produced is expected to increase despite the slower growth rate at which it is being produced. 3) The pressure on landfill sites will continue into the future. 4) The budget provision for the "Eighth Waste Disposal Facilities Promotion Plan" is expected to be on at least the same level as the Seventh Plan (totaling 19 trillion yen) which is scheduled for completion in FY95. Thereafter, there is a strong possibility for a transition to a lean period for renewed demand, and of a decline in demand for increased facilities because of a slow-down in the volume of trash produced.

The signs of a mature municipal trash disposal processing market are becoming clear as there is almost no technological discrepancy between the leading companies in their incinerator technology that "reduces waste to ash and disposes of it" and as the growth in orders in the future can be expected to hover around the single-digit level.

At the same time, against the backdrop of a continually increasing volume of trash and a dearth of landfills, there is a growing need to use trash as a source for recycling. Given this, the emphasis is shifting toward value-added recycling technology in the area of municipal trash disposal, such as fusion furnaces that can make glass out of ash and sludge and recycle it into aggregate, RDF's [refuse-derived fuel] that is trash converted into solid fuel, and processes that reduce high heat waste, such as waste plastic, into oil.

The leading companies have already entered one or another of these fields, but performance over the next five years in the fusion furnace and RDF markets, currently in their seminal stages, are expected to determine long-term market shares.

"Maturation" of Sludge, "Reduction" of Human Waste

The third trend is the structural change taking place in the water treatment processing market which has seen an improvement in the use of sewage facilities.

The demand for pipes—for drainage and human waste disposal—occupies a large portion of the overall water treatment processing market (the percentage of demand for pipes of all orders in FY93 was 91 percent) and growth in the market as a whole will rely heavily on the budget for sewage system works. As is commonly known, the use of sewage facilities in Japan is less than 50 percent, well behind the advanced industrialized nations where that ratio exceeds 70 percent. Consequently, reaching 70 percent by the year 2000 and 90 percent "as quickly as possible" in the first decade of the next century has been hailed as a policy goal costing a total of 19 trillion yen and the Seventh Sewage System Plan (FY91-FY95) is under way.

The water treatment market as a whole is expected to grow steadily (5 percent a year on average) for the medium-term given the aforementioned budget allotment that aims to improve the rate of sewage facilities use. Demand is expected to expand from 378 billion yen in FY93 to 550 billion yen in the year 2000.

However, looking at them independent of one another, "maturation" of sludge treatment processing (when processing is not widespread, sludge will increase to the extent that precision in treating polluted water increases), and "reduction" of human waste treatment processing (the demand for treatment of human waste will decrease as sewage facilities increase), can be expected to come with structural changes such as "cyclical growth" in sewage treatment processing (led by renewed demand when sewage facilities are widely used). Once again, compared to municipal waste disposal, there are many companies participating in the water treatment processing market and it is in a true state of excess competition. The technological differences between the companies participating in this market are slight and because the most significant factor in determining a winning bid on a contract will be past performance and price, profitability of these contracts is expected to be structurally difficult to achieve (maximum profit ratio will be on a level of 20 percent).

North Korea

Ministry Spokesman on U.S.-North Talks in Berlin

SK2903051495 Pyongyang KCNA in English 0503 GMT 29 Mar 95

["DPRK Foreign Ministry Spokesman on Results of Third Round of DPRK-U.S. Negotiations on Light Water Reactors"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 29 (KCNA)—A spokesman for the Foreign Ministry of the Democratic People's Republic of Korea answered a question put by the KCNA on March 29 as regards the results of the third round of the DPRK-U.S. negotiations on light water reactors.

He said:

The third round of the DPRK-U.S. negotiations on the provision of light water reactors was held in Berlin from March 25 to 27.

At the negotiations the DPRK side set forth an epochal proposal to tide over the present deadlocks concerning the question of light water reactor model and the U.S. side promised to study our proposal.

Accordingly the both sides decided to suspend the negotiations and hold the next in Berlin in mid-April.

Since we have made our best for the progress of the negotiations, prospect for the solution of the question entirely depends on the sincerity of our dialogue partner, we think.

ROK Inclusion in Framework Agreement Denounced

SK2903144895 Pyongyang Korean Central Broadcasting Network in Korean 1222 GMT 29 Mar 95

[Commentary by Kim Ho-sam: "It Is Not an Issue for Intrusion by a Third Party"]

[FBIS Translated Text] Moves to drag [kkurodurida] in the South Korean puppets in the implementation of the DPRK-U.S. agreed framework [kibon habuimun] are all the more candid among the U.S. hard-line conservative forces.

According to foreign news reports, hard-line conservative forces—including the Senate floor leader for the U.S. Republican Party and James Lilley, former U.S. ambassador to South Korea—are standing in the forefront of such moves. They are intent on passing in Congress a resolution against North Korea that states practical dialogue [silchilchogin taehwa] between the South and North is a prerequisite in implementing the DPRK-U.S. agreement [habuimun].

By passing this unreasonable resolution [tangchiannun kyorui] in Congress, U.S. hard-line conservative forces are trying in whatever way they can to drag [kkurodurida] in the South Korean puppets to resolve the nuclear issue on the Korean peninsula, using this unreasonable resolution [pudanghan kyolui] as a political lever [chongchijok konggan] to apply new pressure on us. Such moves by U.S. hard-line conservative forces are a violent violation [nanpokhan wiban] of the Geneva DPRK-U.S. agreed framework.

As everyone knows, the DPRK-U.S. agreed framework adopted in October 1994 is a basic document between us and the United States to completely resolve the nuclear issue on the Korean peninsula. It is stipulated in Article Three of the DPRK-U.S. agreement that both sides—the DPRK and the United States—should make joint efforts for denuclearization, peace, and security on the Korean peninsula. There is no justification for a third party like South Korea to intrude.

Originally, the reason the nuclear issue on the Korean peninsula emerged so keenly was entirely due to the United States. The United States began dragging [kkurodurida] its nuclear weapons into South Korea from the mid-1950's, and is continuing to drag [kkurodurida] in its nuclear operational equipment [haekchakchon changbi] today as well. Therefore, currently about 1,000 nuclear weapons are deployed in South Korea; thus, it changed South Korea into the largest nuclear explosive warehouse [haekhwayakgo] of the Far East.

On the other hand, the United States is continuing to hold nuclear war exercises [haekjonjaeng yonsup] in South Korea that are aimed at us. Can the United States free itself from the responsibility of threatening us with nuclear weapons? They absolutely cannot.

According to the DPRK-U.S. agreement, our republic has already frozen the experimental atomic power plant [sihom wonjaryok palchonso] with the five-megawatt graphite-moderated reactor at Yongbyon, which is currently in a state of freeze as well.

The nuclear issue on the Korean peninsula can be smoothly resolved when the United States provides us with light-water reactors as specified in the agreement, as the U.S. President promised in his assurance letter, and as noted in the timetable. If this is accomplished, there is nothing else to be brought up [irokeman toemyonun kubakke chegidoel kosi opsumnida].

However, while not sincerely implementing its obligations, the Untied States is confusing the problem, stubbornly insisting on dragging in a perpetrator [hasuinul kkuroduriryogo] who has been entirely excluded from discussions since the very beginning of the adoption of the agreement; this is regarded as nothing but an act aimed ultimately at breaking the DPRK-U.S. agreement [kunggugenun chomihabuimunul patanuro ikkuro karyonun kuron haengdongurobakke talli polsu omnun kosimnida].

Next, the United States insists that practical dialogue [silchilchogin taehwa] between South and North is a prerequisite for implementation of the DPRK-U.S. agreement; this is also an absurd insistence [tangchianun sori]. The DPRK-U.S. agreement specifies that the Republic shall hold North-South dialogue when an atmosphere is created for the promotion of dialogue based on the agreed framework. Yet, has an atmosphere been created for North-South dialogue? Even a mere child knows it has not.

In order to hold North-South dialogue, the agreement should be implemented to a considerable extent. However, the implementation of the agreement is still in the initial phase, and negotiations on the light-water reactor issue, the core part of the implementation of the DPRK-U.S. agreement, have yet to be concluded. The United States is well aware of this.

Moreover, what matters is that the South Korean puppets have not yet abolished the National Security Law that stipulates us as their enemy, nor have they apologized for the great antipeople sin committed last year, and are even trying to justify it. Under this situation, how on earth can we hold North-South dialogue?

There is another problem. The North and South have held talks on the nuclear issue on the Korean peninsula. Although the North and South adopted agreements through many rounds of talks, no agreement has been implemented properly. This is proven by the stark reality.

The nuclear issue on the Korean peninsula is one that can be resolved only by the United States and the DPRK, the actual responsible parties concerned [silchejoguro chaegiminnun tangsaja]. No one else can resolve it.

The South Korean authorities are desperately trying to vent their anger, derived from being isolated and frustrated when frowned upon by their master during the DPRK-U.S. talks in Geneva that are now on the brink of being implemented. However, this is a barely possible trick. This absurd behavior of the South Korean puppets only makes their position fall into a more difficult situation.

We will sternly oppose any attempt to drag a third party other than the DPRK and the United States into the implementation of the DPRK-U.S. agreed framework [urinun chomi kibonhabuimun ihaenge uriwa migugi anin chesamjarul kkuroduriryonun kuotton sidodo tanhohi paegyokhal kosimnida].

U.S.-ROK Navy Combined Exercises Denounced

SK2903053495 Pyongyang KCNA in English 0500 GMT 29 Mar 95

[FBIS Transcribed Text] Pyongyang, March 29 (KCNA)—The U.S. imperialist warmaniacs and the South Korean puppets committed joint military manoeuvres against the North with the mobilization of the U.S. mobile fleet including the aircraft carrier Independence and puppet warships on the sea around Cheju Island for four days from March 21 to 24, according to a report.

This is a premeditated provocation which the U.S. imperialist belligerent elements staged to frighten the DPRK with military pressure.

The U.S. imperialists must not resort to the anachronistic act.

Ours is not a people who will bend the knee to the military pressure, and we are fully ready to cope with any developments.

U.S.-South 'Excessive' Military Exercises Noted

SK2903053195 Pyongyang KCNA in English 0509 GMT 29 Mar 95

[FBIS Transcribed Text] Pyongyang, March 29 (KCNA)—The U.S. imperialists and the South Korean puppets have staged war exercises against the North one after another, coiling up the tension on the Korean peninsula, military sources said.

Under the command of the U.S. Pacific Naval Command, overseas- based pursuit planes, pursuit-assault planes and electronic jamming planes, more than 370 all told, launched a round-the-clock combined aerial war exercise aimed at a surprise attack on the North in the skies above Oeyon Islet and the West Sea off Kunsan of South Korea between March 24 and 26.

On the 26th and 27th, as many as 710 fighter planes, assault planes and reconnaissance planes of the U.S. 7th Airforce and the puppet airforce were frantic in ground striking exercises in the skies above Sangdong, Yoju and Chunchon of South Korea under the simulated conditions of bombing the targets in the interior areas of the northern half of the country.

In this period, the South Korean puppets mobilized more than 10 helicopter gunships in the exercise for missile strikes at the targets in the North side in the skies above forefront areas in the central and western sectors of the front. And heavy tank and 105 mm artillery groups of the South Korean puppet army fired several hundred shells in the areas adjacent to the Demilitarized Zone, inciting a war atmosphere.

On March 27 and 28, hundreds of heavily-armed bandits of the puppet army wandered about in different parts of the Demilitarized Zone of the western and eastern sectors of the front causing a terror-ridden war atmosphere.

We are following with sharp vigilance the excessive moves of the U.S. imperialists and the South Korean puppets for a war of aggression against the North.

Officials' Meeting Denounces Kim Yong-sam Group

SK2903052295 Pyongyang KCNA in English 0458 GMT 29 Mar 95

[FBIS Transcribed Text] Pyongyang, March 29 (KCNA)—Pyongyangites Tuesday held a meeting, in which they bitterly denounced the anti-ethical, anti-national criminal act of the Kim Yong-sam group.

Present at the meeting were Vice-premier of the Administration Council Chang Chol, chairperson of the Central Committee of the Chondoist Chongu Party Yu Mi-yong, Vice- chairman of the Central Committee of the Korean Social Democratic Party Kim I-hyon, leading officials of public and religious organisations, officials concerned and working people in the city.

Speaking at the meeting, Pak Nam-ki, chairman of the Pyongyang Municipal Administrative and Economic Committee, said that after committing indelible anti-ethical barbarous act with the misfortune of the fellow countrymen as an occasion, the traitor Kim Yong-sam angers our people again by manipulating his hirelings to justify the thrice-cursed outrages.

He noted:

The Kim Yong-sam group are trying to justify their anti-ethical act, describing it as an "appropriate measure" even now. This fully shows again that they are a band of beasts with human skin and that with the traitor Kim Yong-sam left intact, the national reconciliation and unity cannot be achieved, nor can the beautiful manners and customs peculiar to the Korean nation be kept.

The Kim Yong-sam group have no face to deal with us any longer and have no qualification to talk about dialogue.

The Korean people who are shuddering at the mere mention of the name of Kim Yong-sam and grinding their teeth to revenge themselves on him, will never tolerate the traitor Kim Yong-sam and allow any dialogue with such a traitor.

Our people who grind their teeth with vexation against the traitor will never pardon the traitor Kim Yong-sam and he will pay dearly for his crimes.

The Kim Yong-sam group must be to blame for the grave fact that the North-South relations have been aggravated as never before owing to their crimes.

Today our nation is faced with a serious question: Whether the reunification in the 90s is achieved or confrontation and division are kept. Students and people from all walks of life in South Korea should more dynamically struggle to topple the Kim Yong-sam fascist clique, an obstacle to the reunification of the country, and establish a new independent and democratic government in South Korea.

As long as there are respected General Kim Chong-il and his wise leadership, the cause of national reunification will be certainly accomplished.

The meeting was addressed by representatives of different strata.

The speakers said the Korean people cannot live under the same sky with those who are indifferent to the hereditary customs and elementary ethics and morality and inferior to beasts, and that unless the Kim Yong-sam group is removed, reconciliation and unity between the North and the South and national reunification cannot be realized. This is the conclusion to which the entire fellow countrymen have come, they stressed.

Public Groups Condemn Kim Yong-sam Group

SK2903053995 Pyongyang KCNA in English 0522 GMT 29 Mar 95

[FBIS Transcribed Text] Pyongyang, March 29 (KCNA)—Chairman of the C.C. [Central Committee], the General Federation of Trade Unions of Korea Chu Song-il, chairman of the C.C., the League of Socialist Working Youth of Korea Choe Yong-hae and chairwoman of the C.C., the Union of Agricultural Working People of Korea Choe Song-suk issued statements to the press on March 28, criticising the Kim Yong-sam group for justifying again its anti-ethical behaviour toward the misfortune of the fellow countrymen.

The chairman of the C.C., the General Federation of Trade Unions in the statement charged that the Kim Yong-sam group added another crime to its crime by hammering away at the poppycock that its anti- ethical behaviour during the mourning period in the northern half of the country was a "proper step". This, he said, reveals that it has not an iota of will for national reconciliation and dialogue with the fellow countrymen and has no intention to change its hostile policy of confrontation with the North, a dialogue partner.

"The Korean nation has come to the conclusion that neither national reconciliation nor dialogue nor reunification can be realized unless the traitor Kim Yong-sam is removed," he said, adding, "Our union members will never pardon the Kim Yong-sam group who committed an indelible crime."

The chairman of the Central Committee of the League of Socialist Working Youth in the statement said that the Kim Yong-sam group itself refused down dialogue with us by justifying thrice-cursed barbarous act condemned by the entire fellow countrymen and humankind.

This shows that it has neither qualification nor face to talk about dialogue, he stressed.

The chairwoman of the Central Committee of the Union of Agricultural Working people in the statement called on the peasants and people of South Korea to actively struggle to overthrow the traitor Kim Yong-sam group, feeling shame at such traitor within the nation.

ROK Accused of Suppressive Orders, Actions

Reunification Committee Comments

SK2903050795 Pyongyang KCNA in English 0441 GMT 29 Mar 95

[FBIS Transcribed Text] Pyongyang, March 29 (KCNA)—The Secretariat of the Committee for the Peaceful Reunification of the Fatherland on Tuesday issued Information No. 679 denouncing the Kim Yong-sam group for intensifying its fascist suppression of the patriotic students these days.

The information says:

The South Korean fascists on March 24 ruthlessly suppressed patriotic students and walked away 180 of them when they held a rally at Songgyungwan University and staged a demonstration of protest. The students rose in a struggle after a stall-keeper, Choe Chong-hwan, had burnt himself to death in protest against the puppet authorities' anti-popular fascist acts.

On the same day, the South Korean fascist clique arrested Choe Song-ki, a policy-making member of the Committee for National Reunification under the South Korean Federation of General Student Councils (Hanchongnyon), by invoking the notorious "National Security Law" [NSL], on the charge of waging a patriotic struggle for reunification.

Not content with it, the puppet prime minister on March 25, issued an order of suppression to the puppet home minister to thoroughly hold in check the just struggle of students irrespective of reasons and "sternly deal with" it by "law", labelling it as an "illegal violent demonstration".

Pointing out that the puppets' suppression is motivated by an attempt to dampen the South Korean students' just patriotic struggle, at its bud, which is mounting with the approach of the spring season of struggle and the "local autonomous elections", the information notes:

The actions of the Kim Yong-sam group hell bent on fascist suppression wielding such an evil law as the "NSL" clearly represent signs of a downfall of the present puppet regime which is on the verge of collapse.

The Kim Yong-sam group must repeal at once the "NSL" which violates democracy and human rights and obstructs the nation's reconciliation and national reunification, stop suppressing the students and unconditionally release hardcore members of Hanchongnyon and other patriotic students who have been illegally arrested.

Commentator Views 'Suppression'

SK2803071395 Pyongyang Korean Central Broadcasting Network in Korean 1222 GMT 27 Mar 95

[Commentary by Kim Ho-sam: "Suppressive Order by One Who Is Scared"]

[FBIS Translated Text] According to a report, the puppet prime minister Yi Hong-ku issued a suppressive order on 25 March that the struggle of members of dissident organizations and students should be sternly dealt with. He said that he is gravely concerned over the violent demonstration of members of dissident organizations and students on 24 March, who denounced the puppet clique for its crackdown on street vendors and the savage act of forcibly removing dwellings, raving that the so-called violent demonstrations should be thoroughly blocked and be dealt with according to the law.

This is another reckless suppressive order by the civilian fascist clique, which openly reveals the scheme of the scared puppets to totally suppress the struggle of the students and people from various walks of life who rose up in anger at the puppets' vicious anti-people administration.

As is known, the Kim Yong-sam puppet clique recently staged a farce of savagely and forcibly removing street vendors and dwellings of poor residents in Seoul. Resident Choe Chong-hwan, who was angry at the savage, forcible removal, not affording them any measure for their livelihood, attempted to commit suicide by immolation in resistance to the fascist clique on 8 March. Suffering from critical burns, he died in a hospital on 21 March. Resident Pak Sun-paek also attempted to commit suicide by immolation.

The news enraged South Korean people from all walks of life. Finally, some 1,000 students and members of dissident organizations staged a violent demonstration on 24 March denouncing the authorities for their bestial savage act. On that day, the puppet police, rushing about in suppression, committed fascist violence by forcibly whisking away some 180 persons.

Some 1,500 students and citizens, in anger, held a funeral service for street vendor Choe Chong-hwan at Yonsei University on 25 March and conducted a violent demonstration again. In the meantime, some 30 persons who participated in the funeral service blocked the Han River bridge in Seoul and staged a sit-in struggle in protest. At the same time, some 100 handicapped street vendors staged a sit-in struggle in confrontation with the police for several hours.

The puppets, frightened by this situation, are frenziedly engaged in indiscriminate all-out suppression mobilizing the puppet police forces massively. Needless to say, the puppet prime minister's suppressive order is part of the maneuvers for all-out suppression. This reveals the fascist nature of the Kim Yong-sam civilian clique all the more clearly.

The street vendors in South Korea are those who sustain their livelihood from hand-to-mouth by means of the miserable vending business in the street, having lost a means to make their living because of the Kim Yong-sam clique's vicious anti-people administration. The residents whose dwellings were forcibly removed are poor residents who make their living from hand-to-mouth doing wearisome piecework living in make-shift huts.

Instead of taking appropriate measures for their livelihood, the Kim Yong-sam puppet clique committed an indiscriminate forcible removal of their dwellings, leading them to the way of death. What a vicious treacherous ring it is! The Kim Yong-sam clique itself caused all this; nevertheless, like a thief turning on the owner, it is committing the shameless fascist violence of bestially suppressing the street vendors, the residents whose dwellings were forcibly removed, and the students and people from various walks of life who sympathize with them. This is an anti-people bestial violence that cannot be justified by anything.

The Kim Yong-sam puppet clique's resorting to the vicious fascist suppression of the people is connected with the serious crisis it is facing. As everyone knows, since the Kim Yong-sam clique came in power, South Korea has been turning into an even grimmer human hell because of the continuous political unrest, disorder, the deepening economic catastrophe and recession, the overflowing extremely violent and immoral crime, the ruling circles' super large-scale corruption, and continual major accidents causing casualties.

The people's grudge against the Kim Yong-sam puppet clique is rising sky high. According to a poll, 87 percent of respondents expressed a negative view of the Kim Yong-sam clique. This is far from accidental. The government of the Kim Yong-sam clique has reached its limits. The Kim Yong-sam clique—which is floundering to get out of the total crisis of abandonment and rejection by the people—is attempting to find a way out by the all-out fascist suppression of the people.

However, this will only reveal the Kim Yong-sam clique's last-ditch infernality at death's door, which cannot be a measure with which to tide over the crisis. Suppression will only invite greater resistance. If the Kim Yong-sam puppet clique continues to resort to the reckless suppression of the people, the people will put the clique into a deep hollow of destruction for good.

Meeting Held for 50th Anniversary of Liberation

SK2803045195 Pyongyang KCNA in English 0429 GMT 28 Mar 95

[FBIS Transcribed Text] Pyongyang, March 28 (KCNA)—The second meeting of the North side preparatory committee for the grand festival for national reunification to celebrate the 50th anniversary of the liberation of the country took place in Pyongyang on March 25.

The meeting heard the first-stage work of different sections that were inaugurated at the first meeting and discussed immediate measures.

The meeting analysed and reviewed internal and external response to the proposal advanced by the joint meeting of political parties and organizations of the DPRK to hold the August 15 grand festival for national reunification and said that the first-stage work of the North side preparatory committee has been dynamically pushed ahead with the active participation of political parties, organisations and the people from all walks of life.

The meeting discussed the immediate issues in successfully ensuring the August 15 grand festival for national reunification and ways for their solution and took relevant measures.

Paper on 'Dominationist Scheme' of 'Imperialists'

SK2903102895 Pyongyang KCNA in English 1018 GMT 29 Mar 95

["Activities To Realise Dominationist Ambition"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 29 (KCNA)—If the imperialists persist in their dominationist schemings in defiance of the aspirations and requirement of the people for independence, they will face bitterer denunciation and rejection by the progressive humanity, declares NODONG SINMUN in a signed article today.

Recalling that the schemings of the imperialists to realise their dominationist ambition have become more undisguised today, the author of the article says:

Above all, the imperialists enforce the strong-arm policy to maintain the old order of domination and subjugation by dint of strength and expand their supremacy, making a show of power after the confrontation between superpowers has come to an end and military rivals have disappeared.

Outwardly, they vociferate about "arms reduction". But, in actuality, they are continuing with their military buildup.

The Japanese reactionaries are strengthening the "Self-Defence Forces" into offensive forces, resorting to arms expansion under the pretext of "containment of threat" and "regional security."

In other development, the imperialists have staged military manoeuvres in various places of the world on the plea of "coping with critical condition" and "prevention of disputes".

With a view to realising its military domination over many regions of the world, the United States is beefing up its Armed Forces and making military adventures.

Such action of the United States is focussing on regions of great strategical importance and interests, especially on Northeast Asia.

Giving top priority to the collection of information on the Democratic People's Republic of Korea, it has intensified espionage and, furthermore, it has gone the length of holding confabs on "intervention in Korean War".

The major target of the U.S. military strategy after the Cold War is to stifle the DPRK, a bulwark of socialism, with strength and realise its military domination over Asia with the Korean peninsula as a springboard. The United States, therefore, designated the DPRK as the first target of its military action and has intensified reckless military manoeuvrings. As a result, the tension has increased and the danger of war exists on the Korean peninsula.

The dominationist scheme of the imperialists also finds its expression in that they are trying to convert other countries into capitalist countries by forcing them to adopt Western-style "pluralism" and "human rights" and the like.

Their dominationist scheme is anachronistic.

Reports on Japanese Delegation's Visit Continue

Accord 'in Principle' on Talks

OW2803091595 Tokyo KYODO in English 0837 GMT 28 Mar 95

[FBIS Transcribed Text] Pyongyang, March 28 KYODO—Representatives from the ruling parties of Japan and North Korea agreed in principle Tuesday [28 March] to resume the normalization talks that have been stalled since November 1992.

Former Foreign Minister Michio Watanabe, heading a delegation of lawmakers from Japan's three-party ruling coalition, reached the agreement in a meeting with Kim Yong-sun, a senior member of the Workers Party of Korea (WPK) Secretariat.

The 11-member delegation, including members of the Liberal Democratic Party, Social Democratic Party [Social Democratic Party of Japan] and New Party Sakigake [Harbinger], arrived in the North Korean capital earlier Tuesday.

The Japanese delegation is scheduled to lay a wreath at the statue of late president Kim Il-song and to be hosted at a welcome banquet at the Mansudae Theater on Tuesday evening.

The Japanese legislators will hold talks with WPK officials Wednesday morning and an afternoon session with

Prime Minister Kang Song-san at the Mansudae Assembly Hall, officials said.

The delegation also hopes to meet North Korean Leader Kim Chong-il before departing for Japan on Thursday.

Talks Begin on Joint Statement

OW2903033495 Tokyo KYODO in English 0323 GMT 29 Mar 95

[FBIS Transcribed Text] Pyongyang, March 29 KYODO—The ruling parties of North Korea and Japan began working-level talks Wednesday [29 March] to draft a joint statement on their agreement to resume negotiations on normalizing bilateral relations.

The document is expected to include calls from the two sides for the respective governments to make their best efforts to reopen normalization talks without preconditions, Japanese delegation sources said.

If the working-level session goes smoothly, both sides will sign the joint statement during a plenary session Thursday morning between the Workers Party of Korea and Japan's three ruling coalition partners, the sources said.

The coalition delegation, comprising the Liberal Democratic Party (LDP), the Social Democratic Party (SDP) [of Japan] and New Party Sakigake, arrived in Pyongyang on Tuesday seeking to pave the way for resuming normalization talks, stalled since 1992.

On Tuesday, a senior official of the North Korean party signaled that its joint 1990 declaration with the LDP and the SDP is important, though it will not be a precondition for resumed normalization talks, according to Japanese officials.

Kim Yong-sun, secretary of the Workers Party of Korea, indicated this during a dinner held in honor of the delegation, the officials said.

The two sides agreed in principle earlier Tuesday to resume normalization talks, without mentioning how to treat the issue of the 1990 declaration.

In his dinner speech, Kim told the visitors, led by former Foreign Minister Michio Watanabe, that the declaration is a "historical" document revealing problems of principles underlining bilateral relations.

Kim hailed the visit by the coalition delegation, which he said came in hopes of reopening normalization talks on the basis of the declaration, the Japanese officials said.

The meeting between the North Korean party and the Japanese delegation "should be a historic occasion which is significant in opening the door for Korean-Japanese dialogue, putting the unhappy past to rest and normalizing the diplomatic relationship," he said.

In his return address, Watanabe said he would like to express remorse and apologize for the great suffering and damage caused to people on the Korean peninsula in the past.

The Japanese side pledged in the 1990 declaration to compensate North Korea for losses suffered after World War II as well as during the war, a measure now considered by some LDP leaders as unacceptable.

Parties Seek Unconditional Talks

OW2803133095 Tokyo KYODO in English 1306 GMT 28 Mar 95

[FBIS Transcribed Excerpt] Pyongyang, March 28 KYODO—Japan's ruling coalition parties and the Workers Party of Korea (WPK) agreed Tuesday [28 March] to give their best efforts toward the opening of unconditional talks aimed at establishing full diplomatic Tokyo- Pyongyang ties.

Normalization talks that were initiated in January 1991 were broken off in November 1992 after eight rounds and have remained stalemated.

On Tuesday, the 11-member delegation from Japan's ruling coalition and the WPK also agreed to push their respective governments for an early resumption of the stalled talks, Japanese officials said.

"It is a good time for resuming talks between the two governments on normalizing relations between Japan and North Korea. I am hoping for a frank exchange of opinions in order to realize the anticipated results," Japan's Former Foreign Minister Michio Watanabe said at the start of his meeting with WPK Secretary Kim Yong-sun.

Kim said he hopes both sides will make efforts in order for the "bud of better relations to be allowed to grow and bloom and bear fruit through sincere consultations."

The agreement is expected to be adopted in a statement to be issued by the WPK and representatives of Japan's three-party ruling coalition Thursday morning during another round of political meetings.

The earlier normalization talks were launched following a 1990 joint declaration issued by the WPK, Japan's Liberal Democratic Party (LDP) and Social Democratic Party (SDP) [Social Democratic Party of Japan—SDPJ].

The talks, however, soon became snagged on Pyongyang's demand for compensation for Japan's 1910-1945 colonial rule over the Korean peninsula and for postwar damages.

The talks were further chilled by Japan's own demands for information of a Japanese woman allegedly kidnapped by North Korean agents to train an agent who later admitted blowing up a South Korean jetliner in 1987. [passage omitted; covered by referent item]

WPK Holds Talks With Delegates

SK2903122095 Pyongyang Korean Central Broadcasting Network in Korean 0100 GMT 29 Mar 95

[FBIS Translated Text] A delegation of the Workers Party of Korea [WPK] had talks with the visiting delegation of the three ruling coalition parties from Japan at the Mansudae Assembly Hall on 28 March.

Present at the talks from our side were Kim Yong-sun, secretary of the WPK Central Committee, chairman of the Reunification Policy Committee of the Supreme People's Assembly [SPA], and chairman of the Korean Asia-Pacific Peace Committee; Won Tong-ku, a department director of the WPK Central Committee and SPA deputy; Kim Yang-kon, a deputy department director of the WPK Central Committee and chairman of the Society for DPRK-Japan Friendship; Yi Chong-hyok, senior councilor of the SPA Reunification Policy Committee, vice chairman of the Korean Asia-Pacific Peace Committee, and a deputy department director of the WPK Central Committee; Yi Song-ho, SPA deputy and vice chairman of the Korean Committee for Cultural Relations With Foreign Countries; Chang In-su, secretary of the WPK Pyongyang Municipal Committee; and Nam Sun-hui, SPA deputy and president of Samhung University.

Present on the Japanese side were Michio Watanabe, head of the delegation of the Liberal Democratic Party, member of the House of Representatives, and former Japanese deputy prime minister and foreign minister; and members of the delegation, including (Kosuki Hori), acting chairman of the Political Affairs (?Subcommittee) and member of the House of Representatives; (Taro Aso) and (Hidenao Nakasawa), deputy secretary generals and members of the House of Representatives; Ooki Hiroshi, member of (Chonguhoe) and the House of Councillors; Wataru Kubo, head of the delegation of the Social Democratic Party, secretary general of the party, and a member of the House of Councillors; and members of the delegation including (Nobuyuki Sekiyama), chairman for policy review and a member of the House of Representatives; (Hajimi Hukata), organization director and a member of the House of Councillors; (Eiji Watanabe), director of the Planning Subcommittee; Yukio Hatoyama, head of the New Party Sakigake, secretary general of the party, and a member of the House of Representatives; and (Oto Kanna), a member of the delegation, chairman of the Policy Subcommittee, and a member of the House of Representatives.

At the talks, Secretary Kim Yong-sun delivered a speech. He stressed that owing to the unbreakable and harmonious unity between the great leader [yongdoja] Comrade Kim Chong-il and our people, the chuche revolutionary cause pioneered by the respected and beloved leader [suryong] Comrade Kim Il-song will be excellently consummated without fail. He said the joint declaration of the three parties was a historical declaration that clarified the principal problems of DPRK-Japan relations, and that the declaration was welcomed by Japanese parties as well as the Japanese Government. He continued that intergovernmental talks for the normalization of diplomatic relations were held but suspended when Japan raised issues irrelevant to the talks, and that future talks should be an extension of the suspended talks. He stressed that talks between the two countries should be bilateral and thoroughly based on an independent and individual position, not representing any other country's opinion.

Kang Song-san Meets Delegation

SK2903103195 Pyongyang KCNA in English 1021 GMT 29 Mar 95

[FBIS Transcribed Text] Pyongyang, March 29 (KCNA)—Kang Song-san, premier of the Administration Council, today met and had a talk with the visiting delegation of the three ruling coalition parties of Japan at the Mansudae Assembly Hall.

Present there were a delegation of the Liberal Democratic Party led by former Deputy Prime Minister and Foreign Minister Michio Watanabe, member of the House of Representatives, a delegation of the Social-Democratic Party led by Secretary General Wataru Kubo, member of the House of Councillors, and a delegation of the New Party Sakigake led by Secretary General Yukio Hatoyama, member of the House of Representatives.

On hand were Won Tong-ku, department director of the Central Committee of the Workers' Party of Korea [WPK] and deputy to the Supreme People's Assembly [SPA], and Yi Chong-hyok, vice-director of a department of the C.C. [Central Committee], the WPK, senior councillor of the SPA Reunification Policy Committee and vice-chairman of the Korean Asia-Pacific Peace Committee.

Kim Yong-sun Meets Delegation

SK2903055795 Pyongyang Korean Central Broadcasting Network in Korean 0100 GMT 29 Mar 95

[FBIS Translated Text] Secretary of the Central Committee of the Workers Party of Korea [WPK] Kim Yong-sun, who is also chairman of the Reunification Policy Committee of the Supreme People's Assembly [SPA] and chairman of the Korean Asia-Pacific Peace Committee, met and had talks yesterday with a delegation of the three ruling coalition parties of Japan, which paid a courtesy call on him at Mansudae Assembly Hall.

Present were members of a delegation of the Liberal Democratic Party [LDP] of Japan led by Michio Watanabe, member of the House of Representatives and former deputy prime minister and foreign minister of Japan; members of a delegation of the Social Democratic Party of Japan led by Wataru Kubo, secretary general of the party and member of the House of Councillors;

members of a delegation of the New Party Sakigake led by Yukio Hatoyama, secretary general of the party and member of the House of Representatives; and suite members.

Won Tong-ku, director of a department of the WPK Central Committee and deputy to the SPA; and other functionaries concerned were on hand.

At the meeting, welcoming members of the delegation of the three ruling coalition parties who have come with a courage to improve DPRK-Japanese relations, Secretary Kim Yong-sun said that the seed for improvement of DPRK-Japanese relations has already been sown and that the point is how to grow it. He then stressed the need to make mutually sincere efforts to improve DPRK-Japan relations.

Michio Watanabe, head of the LDP delegation, pointed out that the time has come when the Governments of Japan and the DPRK should resume negotiations and said that if both sides exchange their views openheartedly and honestly, progress will be made in the improvement of Japanese-DPRK relations.

Yukio Hatoyama, head of the delegation of the New Party Sakigake, stressed the need to hold talks successfully so that they can bear good results.

WPK Hosts Banquet for Delegates

SK2903110495 Pyongyang Korean Central Broadcasting Network in Korean 0100 GMT 29 Mar 95

[FBIS Translated Text] The Central Committee of the Workers Party of Korea [WPK] hosted a banquet at the Mansudae Art Theater on the evening of 28 March for the visiting delegation of three ruling coalition parties from Japan.

Invited to the banquet were the delegation of the Liberal Democratic Party [LDP] led by former Deputy Prime Minister and Foreign Minister Michio Watanabe, member of the House of Representatives; the delegation of the Social Democratic Party [SDP] led by Secretary General Wataru Kubo, member of the House of Councillors; the delegation of the New Party Sakigake led by Secretary General Yukio Hatoyama, member of the House of Representatives; entourage members; working-level officials from the Foreign Ministry; officials concerned; and members of the press corps.

Kim Yong-sun, secretary of the WPK Central Committee, chairman of the Reunification Policy Committee of the Supreme People's Assembly [SPA], and chairman of the Korean Asia-Pacific Peace Committee; Won Tong-ku, department director of the WPK Central Committee and deputy to the SPA; Kim Yang-kon, deputy department director of the WPK Central Committee and president of the DPRK-Japan Goodwill and Friendship Association; Yi Chong-hyok, deputy department director of the WPK Central Committee who is a responsible councillor on the SPA Reunification Policy Committee and vice chairman of the Korean Asia- Pacific Peace Committee; Yi Song-ho, SPA deputy and vice chairman of the DPRK Committee for Cultural Relations With Foreign Countries; Chang In-su, secretary of the WPK Pyongyang Municipal Committee; Nam Sun-hui, SPA deputy and president of Samhung University; and other officials concerned attended the banquet.

At the banquet, Secretary Kim Yong-sun made a speech.

He pointed out that the delegation of the three ruling coalition parties from Japan visited our country with one purpose—to improve DPRK-Japan relations.

Kim said it is an abnormal phenomenon that the unhappy past between the DPRK and Japan, which began at the beginning of the present century, remains unsettled today when a new historical century is drawing nearer. Any politician or political party that works to realize the demands and desires of the people must not turn their back on this reality.

He stressed that the three-party joint declaration adopted between the WPK, LDP, and SDP in September 1990 was a historic declaration expounding the essential questions raised in improving DPRK-Japan relations; not only the people of the two countries, but also a great number of progressive people throughout the world warmly welcomed this.

Kim said it was regrettable, however, that the intergovernmental talks between the DPRK and Japan, which were held according to the historic three-party joint declaration, were suspended when the talks failed to develop into a thorough dialogue for the promotion of relations between the two countries with no conditions attached and for bilateral talks based thoroughly on an independent position and on not speaking will of any other country.

He said it is worthy of welcome that the delegation of the three ruling coalition parties from Japan has come to our country to resume the talks aimed at improving Korea-Japan relations, which have been opened according to the historic three-party joint declaration. It is an invariable stand of the WPK and the DPRK Government to establish and develop good and friendly relations with all countries that want to forge relations with our country on the principle of independence, mutual respect, equality, and reciprocity.

He stressed the current visit of the delegation should be an occasion of historical significance in reopening the door of DPRK-Japan dialogue which has been suspended, liquidating the unhappy past and normalizing diplomatic relations between the two countries.

The Asian people are the masters of Asia, and they must solve their problems by themselves.

Our party and people will make all efforts to build a new peaceful, independent, and prosperous Asia where there is no war, doing so through friendship, cooperation, and solidarity with our neighboring nations.

Head of the delegation Michio Watanabe spoke next.

He first expressed deep condolences on the death of his excellency President Kim Il-song, the father of the founding of Korea and the great leader.

Watanabe said it is a great pleasure for the delegation of the three ruling coalition parties to visit the DPRK. He noted that Japan and Korea are not only close geographically, but also have deep relations in terms of history and culture. Saying that Japan in the past had inflicted great suffering and loss upon the Korean people, he expressed repentance and apology for this as a representative of the delegation of the three ruling coalition parties.

Watanabe pointed out that the delegation of the LDP and SDP that visited the DPRK in September 1990 expressed the same intent.

He noted that intergovernmental talks, whose door was opened with the visit of the LDP and SDP, were held in only eight rounds, and the talks were regrettably suspended up until now. The purpose of the current visit to Korea is to get the intergovernmental talks resumed as early as possible. Touching on the significance in improving Japan-DPRK relations, he stressed that he earnestly wished the relations between the two countries could be developed.

The participants at the banquet prayed for the repose of the soul of the great leader Comrade Kim Il-song and toasted the good health and long life of the respected Supreme Commander Comrade Kim Chong- il, the great leader [yongdoja] of our party and people.

Kim Yong-sun Speaks at Banquet

SK2903050295 Pyongyang KCNA in English 0450 GMT 29 Mar 95

["Three Ruling Coalition Parties Delegation of Japan Feted"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 29 (KCNA)—The Central Committee of the Workers' Party of Korea hosted a banquet at the Mansudae Art Theatre Tuesday [28 March] for the visiting delegation of the three ruling coalition parties of Japan.

In his address at the banquet, Secretary of the Central Committee of the Workers' Party of Korea Kim Yong-sun, chairman of the Reunification Policy Committee of the Supreme People's Assembly and chairman of the Korean Asia-Pacific Peace Committee, said it is an abnormal phenomenon that the unhappy past between Korea and Japan which started at the beginning of the present century remains unsettled even today when a new historical century following the 20th century is drawing nearer.

Any politician or political party that works to realise the demands and desire of the people, must not turn their back on this reality, Kim Yong-sun said, and continued: It is worthy of welcome that the delegation of the three ruling coalition parties of Japan has come to our country on a mission to resume the talks aimed at improving Korea-Japan relations which had been opened according to the historical three-party joint declaration adopted between the Workers' Party of Korea, the Liberal Democratic Party and the Social Democratic Party of Japan in September 1990.

It is an invariable stand of our party and the DPRK Government to establish and develop good and friendly relations with all those countries that want to forge relations with our country on the principle of independence, mutual respect, equality and reciprocity.

The current visit of your delegation should be an occasion of historical significance in reopening the door of Korea-Japan dialogue which has been suspended, liquidating the unhappy past and normalising diplomatic relations between the two nations.

The Asian people are the masters of Asia and they must solve their problems by themselves.

Our party and people will make all efforts to build a new peaceful, independent and prosperous Asia, where there is no war, through friendship, cooperation and solidarity with our neighbouring nations, Kim Yong-sun declared.

Head of the delegation of the Liberal Democratic Party Michio Watanabe, former deputy prime minister and foreign minister and a member of the House of Representatives, spoke at the banquet.

Saying that Japan had, in the past, inflicted great sufferings and losses upon the Korean people, he expressed repentance and apology for this as a representative of the delegation of the three ruling coalition parties visiting Korea.

He stressed that the purpose of the current visit of Korea is to get the inter-governmental talks resumed as early as possible and it is badly needed now that the leaders of Japan and Korea should hold the dialogue with sincerity and build confidence between them for the future.

He said he was convinced that the improvement of Japan-DPRK relations will be greatly conducive to the peace and stability of Asia and the rest of the world as well as the peoples of the two countries. He stated he earnestly hoped that the current visit of the delegation would register a success and, on this basis, the friendly relations between the two countries would be further consolidated and developed.

1990 Accord Said 'Historical'

OW2903001895 Tokyo KYODO in English 0005 GMT 29 Mar 95

[FBIS Transcribed Text] Pyongyang, March 29 KYODO—North Korea's ruling party has signaled that a joint 1990 declaration is important, though it will not be a precondition for resumed talks on normalizing diplomatic relations between Japan and North Korea, according to Japanese officials.

Kim Yong-sun, secretary of the Workers Party of Korea, indicated this Tuesday [28 March] night during a dinner held in honor of a visiting delegation from Japan's three ruling coalition parties, the officials said.

The two sides agreed in principle earlier Tuesday to resume normalization talks, without mentioning how to treat the declaration.

In his dinner speech, Kim told the visitors, led by former Foreign Minister Michio Watanabe, that the declaration is a "historical" document revealing problems of principles underlining bilateral relations.

The declaration was "welcomed enthusiastically not only by the peoples of the two countries but also by many progressive people in the world," Kim was quoted as saying.

He hailed the visit by the coalition delegation, which he said came in hopes of reopening normalization talks on the basis of the declaration, the officials said.

The meeting between the North Korean party and the Japanese delegation "should be a historic occasion which is significant in opening the door for Korean-Japanese dialogue, putting the unhappy past to rest and normalizing the diplomatic relationship."

In his return address, Watanabe said he would like to express remorse and apology for the great suffering and damage caused to people on the Korean peninsula in the past.

The 1990 declaration was issued by the North Korean and two Japanese parties—the Liberal Democratic Party (LDP) and the Japan Socialist Party, now known as the Social Democratic Party (SDP) [of Japan].

The Japanese side pledged in the accord to compensate North Korea for losses suffered after World War II as well as during the war, a measure now considered by some LDP leaders as unacceptable.

The delegation comprises representatives from Foreign Minister Yohei Kono's LDP, Prime Minister Tomiichi Murayama's SDP and Finance Minister Masayoshi Takemura's New Party Sakigake.

Visit to Kim Il-song Statue

SK2803150595 Pyongyang KCNA in English 1500 GMT 28 Mar 95

[FBIS Transcribed Text] Pyongyang, March 28 (KCNA)—Members of the delegation of the three ruling coalition parties of Japan consisting of a delegation of the Liberal Democratic Party led by former Deputy Prime Minister and Foreign Minister Michio Watanabe, member of the House of Representatives, a delegation of the Social- Democratic Party led by Secretary General Wataru Kubo, member of the House of Councillors, and a delegation of the New Party Sakigake led by Secretary General Yukio Hatoyama, member of the House of Representatives, today visited the statue of the great leader President Kim Il-song on Mansu Hill in Pyongyang.

The guests laid floral baskets and bouquets before the statue of President Kim Il-song and made a bow.

Delegation Receives City Tour

SK2903103495 Pyongyang KCNA in English 1024 GMT 29 Mar 95

[FBIS Transcribed Text] Pyongyang, March 29 (KCNA)—A delegation of the three ruling coalition parties of Japan which came here Tuesday [28 March] toured Pyongyang today.

In the time-honored Mangyongdae, the delegation members, being briefed on the undying revolutionary history of the great leader President Kim Il-song and his revolutionary family, saw with keen interests the historical momentoes preserved with much care at his old home and posed for a souvenir photograph.

They visited the Mangyongdae School Children's Palace, where they went round circle rooms and appreciated an art performance by art circle members of the palace.

They also went to the tomb of King Tangun, the ancient father of the Korean nation, and toured Chollima and other streets of the capital.

Earlier, on March 28, the guests saw the folk dance suite "Song of Seasons" at the Mansudae Art Theatre.

PRC Art Troupe Performs at Construction Site

SK2903045595 Pyongyang KCNA in English 0434 GMT 29 Mar 95

[FBIS Transcribed Text] Pyongyang, March 29 (KCNA)—The Chinese art troupe, which has come to Korea to participate in the 13th April spring friendship art festival, went to the construction site of the monument to the party foundation on Tuesday to give a performance.

The Chinese artistes sang the Korean songs "We Long for the Beaming Smile", "Our General is the Best", "My Country" and the Chinese songs "My Motherland", "Song of River Chang," and others to encourage the builders who are pushing ahead with the construction in high spirit to make their country, their motherland more prosperous as befitting soldiers of the great leader Comrade Kim Il-song, with a single purpose in mind to live up to the great trust and expectation of the great leader Comrade Kim Chong-il.

Before the performance, the Chinese artistes planted ten trees around the monument.

Cambodian Delegates Watch Acrobatic Performance

SK2903111595 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 27 Mar 95

[FBIS Translated Text] The delegation of the FUNCINPEC Party, led by its general secretary his excellency Norodom Sirivudh, which is now visiting our country, watched a combined acrobatic performance at the Pyongyang Acrobatic Theater today.

Hwang Chang-yop, secretary of the Workers Party of Korea [WPK] Central Committee; officials concerned; Cambodian Ambassador to the DPRK Oum Mannorine; and city workers saw the performance along with the delegation.

With refined techniques and lofty artistic nature, the performance was received with a hearty acclamation from the audience.

Depart Pyongyang 28 Mar

SK2803152495 Pyongyang KCNA in English 1515 GMT 28 Mar 95

[FBIS Transcribed Text] Pyongyang, March 28 (KCNA)—The delegation of the FUNCINPEC Party headed by General Secretary Norodom Sirivudh left here today for home.

It was seen off at the airport by Hwang Chang-yop, secretary of the Central Committee of the Workers' Party of Korea [WPK], and Kim Yang-gon, vice-director of a department of the WPK Central Committee, Oum Mannorine, Cambodian ambassador to Korea, and embassy officials.

During its stay in Korea, the delegation visited Mangyongdae, the Pyongyang Maternity Hospital, the construction site of the monument to the party foundation, the Mansudae Assembly Hall, the tomb of King Tangun and other places and saw an acrobatic performance at the Pyongyang Circus.

Russian Scholars, UN Official Arrive 28 Mar

SK2803153495 Pyongyang KCNA in English 1525 GMT 28 Mar 95

[Spelling of names as received]

[FBIS Transcribed Text] Pyongyang, March 28 (KCNA)—A delegation of the Khabarovsk Branch of the Union of Russian Scholars of Socialist Direction led by I.F. Tsaryok, chairman of the branch, arrived here today by train.

Suvit Yodmani, regional director for Asia and the Pacific of the United Nations Environment Programme, arrived here today by plane.

Visit Statue of Kim Il-song

SK2903104295 Pyongyang KCNA in English 1025 GMT 29 Mar 95

[FBIS Transcribed Text] Pyongyang, March 29 (KCNA)—The delegation of the Khabarovsk Branch of the Union of Russian Scholars of Socialist Direction led by I.F. Tsaryok, chairman of the branch, and Suvit Yodmani [spelling of names as received], regional director for Asia and the Pacific of the United Nations Environment Programme, on a visit to Korea called at the statue of the great leader President Kim Il-song standing high on Mansu Hill on March 28 and expressed boundless reverence for him.

They laid floral bouquets before it and made a bow with deep respect and reverence for the great leader.

Ambassador Pays Visit to Serbian Party Leader

SK2803084195 Pyongyang Korean Central Broadcasting Network in Korean 0100 GMT 2[illegible] Mar 95

[FBIS Translated Text] Our country's Ambassador Yu Se-ung paid a farewell visit to General Secretary of the Serbian Socialist Party of Yugoslavia (Milomilu Minitz) on 15 March. At the meeting, the ambassador conveyed the great leader [yongdoja] Comrade Kim Chong-il's greetings to General Secretary (Milomilu Minitz).

The general secretary expressed deep thanks for this and asked the ambassador to convey his greetings, wishing the great leader Comrade Kim Chong-il a long life.

The general secretary stated that in Korea, political stability and solidness have been guaranteed under Comrade Kim Chong-il's leadership and that national interests have been most thoroughly defended even under the complicated international situation thanks to his independent policy.

He stated: The Serbian Socialist Party of Yugoslavia rejoices over this and wishes the Korean people greater success in their struggle to defend the sovereignty of the country and nation.

He stated that he wanted practical cooperation between the Serbian Socialist Party of Yugoslovia and the Workers Party of Korea to be expanded.

President Eyadema Meets With Ambassador to Togo

SK2803103795 Pyongyang KCNA in English 1026 GMT 28 Mar 95

[FBIS Transcribed Text] Pyongyang, March 28 (KCNA)—Togolese President Gnassingbe Eyadema, when he met the DPRK ambassador to his country on March 23, said that the Democratic People's Republic of Korea is his second motherland and a most friendly country to Togo.

"Since I came to know his excellency the great leader President Kim Il-song, he and I have been united without a speck of cloud," he said.

"The great leader Comrade Kim Chong-il, together with his excellency the great President Kim Il-song, is boundlessly respected and revered by the entire Korean and Togolese peoples as well as the people all over the world, and he is most successfully carrying forward the cause of his excellency the president," he pointed out, and said:

"I will value the special intimacy with his excellency the great leader President Kim Il-song, forge good intimacy with his excellency the great leader Kim Chong-il and do my best to further develop the friendly and cooperative relations with the Korean people."

"As in the past, I will continue to support the Korean people's cause of reunification and hope for the peaceful reunification of Korea at an early date."

Pyongyang Festival Committee Issues Statement

SK2803151495 Pyongyang KCNA in English 1508 GMT 28 Mar 95

[FBIS Transcribed Text] Pyongyang, March 28 (KCNA)—A spokesman for the Preparatory Committee for the Pyongyang International Sports and Cultural Festival for Peace issued a statement to the press on March 27 denouncing the reactionaries at home and abroad for their vicious schemings to obstruct the festival.

Upset by the smooth preparations for the Pyongyang festival and the approach of the day of its opening, some reactionaries at home and abroad, regarding it as a thorn in their flesh, are employing every conceivable scheme to foil it, the spokesman said, and continued:

Some reactionary forces are obstructing many professional wrestling stars, artistes and tourists from going to Pyongyang. At the same time, they intend to engage themselves in espionage and tricks, subversive activities and sabotages against us. Worse still, they are nursing a wild dream of making their way to Pyongyang under the mask of "human rights" and kicking up political rows during the Pyongyang festival under the pretext of "violation of human rights" and "calling for release of political prisoners."

In an attempt to frustrate the Pyongyang festival, the South Korean puppet clique sent secret agents of the "Agency for National Security Planning" and secret operatives to three provinces of northeast China bordering on our country for all sorts of intelligence activities. Meanwhile, they threaten Korean residents in various countries who applied for tourism, saying that their personal safety is not guaranteed. They have gone so far as to tear off festival advertisements and past up foul documents.

The spokesman branded the schemings of the reactionaries at home and abroad to frustrate the Pyongyang festival as a grave provocation against the Korean nation desirous of national reconciliation, unity and reunification and an intolerable challenge to the progressive people all over the world who aspire to deepen understandings, tighten solidarity among peoples and expand and develop sports and cultural exchange in the idea of independence, peace and friendship, and resolutely denounced them together with all the Korean people.

He further said:

Any sinister demonstration or commotion will not work in our sacred country which values the dignity and independence of the nation and will never be allowed. The reactionaries at home and abroad should clearly look at the indomitable will of the Korean people who are defending the Korean-style socialist system, act with discretion and stop obstructing the Pyongyang festival at once.

If they persist in their schemings to use the Pyongyang festival for their sinister purpose in defiance of our warnings, they will be held wholly responsible for all the consequences.

The spokesman expressed the hope that the progressive peoples of the world who value peace, friendship and solidarity will make positive contributions to the successful opening of the Pyongyang festival by checking and frustrating the moves of the reactionaries at home and abroad with sharp vigilance.

'Wallpaper' Praising Kim Chong-il Found in Seoul

SK2903045095 Pyongyang KCNA in English 0430 GMT 29 Mar 95

[FBIS Transcribed Text] Pyongyang, March 29 (KCNA)—A wallpaper praising the great leader Comrade Kim Chong-il was pasted on a building in Kuro District, Seoul, South Korea on the morning of March 7, impressing many passers-by, the Seoul-based radio Voice of National Salvation quoted the Seoul city committee of the National Democratic Front of South Korea as saying.

A picture on the happy life of female workers in the North of Korea is printed in the upper part of the 40 x 55 cm wallpaper which was pasted in the name of the Women's Fellowship Society.

The wallpaper calls on all South Korean women to rise in struggle and achieve women's emancipation, adding:

"The leader Kim Chong-il, produced by heaven, is the greatest of sages and great men and the incarnation of love, who has provided all people in the North with a happy life and built a paradise for women with his unheard-of benevolent politics and all-embracing politics.

"We women can have a bright future only when we uphold and follow the leader Kim Chong-il, who is the sun of the salvation of the world and the kind father of the nation."

Report Meetings Mark Kim Chong-il's Guidance

SK2803060295 Pyongyang Korean Central Broadcasting Network in Korean 2200 GMT 23 Mar 95

[FBIS Translated Text] Report meetings were held at respective units on 21-22 March to mark the 20th anniversary of the great leader [yongdoja] Comrade Kim Chong-il's on-the-spot guidance to the Comrade Kim Il-song revolutionary museum in South Hamgyong Province, as well as to the Hungnam port in Hamju county. Hyon Chol-kyu, responsible secretary of the South Hamgyong Provincial Party and chairman of the South Hamgyong Provincial People's Committee; Kim Yong-tok, chairman of the South Hamgyong Provincial Administrative and Economic Committee; relevant functionaries, functionaries in the revolutionary museum, and other workers, attended the meetings. Commemorative speeches were delivered during the report meetings.

Reporters stated: The great leader [yongdoja] Comrade Kim Chong-il visited South Hamgyong Province 20 years ago in March 1975, and gave on-the-spot guidance at the Comrade Kim Il-song revolutionary museum in the province, as well as to Tongbong and Yonpo cooperative farms in Hamju county and to the Hungnam port. By so doing, he clearly elucidated directions and plans to safeguard, adhere to, and glorify the great leader's [suryong] revolutionary achievement, as well as to effect a new upsurge in economic construction.

Reporters unanimously stressed that the great leader [yongdoja] Comrade Kim Chong-il's March 1975 on-the-spot guidance to various units in South Hamgyong Province was a historic guidance to safeguard, adhere to, and glorify the revolutionary history and achievement of the great leader [suryong] and our party, as well as to vigorously accelerate the socialist economic construction in compliance with the demands for modelling the whole society on the chuche idea.

They stressed that Comrade Kim Chong-il is a master of politics; genius of ideas, theory, creation, and construction; and iron-like brilliant commander of ever-victories, saying that party members and working people should resolutely safeguard and implement the party's lines and policies by becoming a fortress, shield, rifle, and bomb that politically and ideologically defends and safeguard Comrade Kim Chong-il with their lives, absolutely worshiping and following him.

They stressed that party members and working people should actively contribute to making our nation, our fatherland, become more prosperous and strong by vigorously carrying out the struggle to implement the party's agriculture-first policy, light industry-first policy, and trade-first policy under the great leader's behest and the party's revolutionary economic strategy.

Paper Marks Anniversary of Kim Chong-il Work

SK2903101795 Pyongyang KCNA in English 1008 GMT 29 Mar 95

["Highly Important Work in Effecting Turn in Party Work"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 29 (KCNA)—The great leader Comrade Kim Chong-il published a highly important work on more substantially doing the party work on March 29, 1975, which is of weighty significance in strengthening the party work with the main stress on the work amongst the people, says NODONG SINMUN in a by-lined article today.

The author of the article goes on:

Comrade Kim Chong-il taught in his work that the party organisations should more substantially do the work amongst the people.

The great leader Comrade Kim Chong-il said:

"When the organisational and political work amongst the people, educational work is done well, all the work will be done well of its own accord."

The main of the party work is the work amongst the people [sentence as received]. This is the most correct idea of the party building that our party was the first in history to indicate on the basis of the great chuche idea.

Party is not a power organ administering people but a political educator of the masses. An object of the party work is people and its task is to educate and unite the party members and working people and make them volunteer to participate in the revolutionary struggle with a high degree of enthusiasm.

Comrade Kim Chong-il in the work stressed the party work is the work amongst the people and said that the party organisations should more substantially do the work amongst the people in conformity with the developing revolution.

20 years since the publication of the work are the proud course in which an epochal turn has been effected in the party work, the work amongst the people and the days when the party officials have deeply grasped the validity and invincible vitality of the party work method of chuche.

The work stresses that the party organisations should regularly conduct the work amongst the people and pay deep attention to the work amongst the masses from all walks of life to firmly unite them around the party.

The party organisations and officials have taken the work amongst the people as the first process of their work and educated the masses on a revolutionary line, so that the standard of the political and ideological preparations of the party members and working people has been enhanced incomparably and the singlehearted unity of the revolutionary ranks around the great leader Comrade Kim Chong-il further strengthened.

The work also clarifies that the party organisations should keep hold on the implementation of the teachings of the great leader President Kim Il-song and the party policies, their embodiment, bring the party's intention home to the party members and working people in time and successfully conduct the organisational and political work to fully display the revolutionary spirit of self-reliance.

Many tasks to implement the policies put forward by the party in the past have been carried out successfully by a high degree of revolutionary enthusiasm of the masses and the revolutionary spirit of self-reliance is now fully displayed in the struggle to implement the party's revolutionary economic strategy because the party organisations have powerfully conducted the work amongst the people, the organisational and political work.

More Foreign Papers Carry Works by Kim Il-song

SK2903045395 Pyongyang KCNA in English 0432 GMT 29 Mar 95

[FBIS Transcribed Text] Pyongyang, March 29 (KCNA)—Foreign papers gave publicity to famous works of the great leader President Kim Il-song.

The Madagascan paper IMONGO VAOVAO and the Zairean paper SOLIDARITE carried "For the Ultimate Solution of the Rural Question Under the Banner of the Socialist Rural Theses" and the Zairean paper DEMAIN LE CONGO carried an article on the work.

The Indian paper INDIAN TIMES carried "Theses on the Socialist Rural Question in our Country" and "Answers to Questions Raised by the General Director of the Latin American News Agency PRENSA LATINA" and the Nigerian paper OBSERVER "10-Point Programme of the Great Unity of the Whole Nation for the Reunification of the Country."

Versions of Kim Il-song's Reminiscences Published

SK2803103295 Pyongyang KCNA in English 1023 GMT 28 Mar 95

[FBIS Transcribed Text] Pyongyang, March 28 (KCNA)—The Foreign Languages Publishing House of Korea recently published versions of Volume 5 of Part 1 the anti-Japanese revolution of "With the Century," reminiscences of the great leader President Kim Il-song.

The fifth volume consists of three chapters and covers the historical period from May 1936 to March 1937, which witnessed a radical upswing in the Korean people's glorious anti-Japanese revolutionary struggle.

Printed in one of the first few pages is President Kim Il-song's autographed proposition: A historical lesson of the arduous revolutionary struggle against the Japanese imperialists is that the destiny of the country can only be shaped by the united efforts of the whole nation.

Edited in the book are many pictures, including those on the brisk military and political activities of the Korean People's Revolutionary Army (KPRA) with the secret camp on Mt. Paektu as the base in the latter half of the 1930s.

In the book, President Kim Il-song recalls that the KPRA founded a guerrilla base of a new form around Mt. Paektu and conducted brisk military and political activities in reliance upon it and that the communists of Korea vigorously worked to build party organisations in the homeland.

According to the book, he fought to unite broad segments of the masses into the anti-Japanese national united front under the banner of great national unity. He also formed a joint front of the Korean and Chinese peoples and deepened militant solidarity and friendship between them in the bloody struggle against Japanese imperialism, the common enemy.

The book contains anecdotes about the revolutionary spirit of unity between the Army and the people and unity between the officers and the men, which was brought into full play by the KPRA and the people as well as stories about the glorious traditions of revolutionary literature and art and the press established in this period.

What impress the readers especially are stories about the noble communist virtues of President Kim Il-song, who showed deep loving care for and trust in the anti-Japanese revolutionary fighters intensely faithful to the cause of national liberation, and brought them up to be fine revolutionaries.

Changjagang Plant Workers Overfulfill Mar Plan

SK2803084295 Pyongyang Korean Central Broadcasting Network in Korean 2100 GMT 27 Mar 95

[FBIS Translated Text] As of 25 March, the electricity generating workers of the Changjagang Power Plant have overfulfilled the March plan by 119.2 percent.

The electricity generating workers there operated every equipment at full capacity in the period during which they were fulfilling the [monthly] plan with the burning resolution to generate more electricity for the prosperity and development of our country, our fatherland, which the great leader [yongdoja] Comrade Kim Chong-il leads.

In particular, electricity generating workers at the generating workshop, who are working at a glorious work site once visited by the great leader [suryongnim] and the dear comrade leader, overfulfilled the highly targeted daily plans by 120 to 130 percent by accelerating production, with the determination to add luster to the immortal leadership achievements of the leader [suryongnim] and the dear comrade leader by achieving success in increasing electricity generation.

Thermal Power Plant Workers Increase Production

SK2803084395 Pyongyang Korean Central Broadcasting Network in Korean 2200 GMT 27 Mar 95

[FBIS Translated Text] Workers of the 16 February Thermal Power Plant continue to increase power production. Workers of the thermal production workshop, who rise in upholding the party's revolutionary economic strategy, are overfulfilling daily targets by effectively managing facilities, including boilers, and by accepting reasonable work methods. Operators at the turbine workshop are increasing power production by effectively managing turbines and thoroughly observing the technical specifications and standard operating procedures. Therefore, workers of this power plant have increased power production by 4 or 5 percent daily compared to that produced early last month, and are providing them to socialist construction sites.

Hochongang Plant Increases Power Generation

SK2903085895 Pyongyang Korean Central Broadcasting Network in Korean 2100 GMT 28 Mar 95

[FBIS Translated Text] Electricity generating workers of the Hochongang Power Plant, who have turned out to accomplish the party's revolutionary economic strategy, are waging a vigorous struggle to increase electricity generation.

The electricity generating workers there, who have forcefully risen up with a burning resolve to loyally uphold the dear comrade leader's leadership, now generate 600,000 kwh of electricity more than the daily plan.

In particular, generator operators at the Nos. 3, 1, and 2 [order as heard] generator workshops are achieving greater success in electricity generation while taking good care of water, facilities, and techniques and while operating the generators with high efficiency, maintaining the water at a high level.

Chongnyu Bridge Second-Stage Construction Noted

SK2903102095 Pyongyang KCNA in English 1011 GMT 29 Mar 95

[FBIS Transcribed Text] Pyongyang, March 29 (KCNA)—The Chongnyu Bridge (second-stage) now under construction on the River Taedong flowing across the capital city of Pyongyang has taken on its grandiose appearance.

In a 130-day period since the ground-breaking, the Army builders excavated about 28,000 cubic metres of earth and carried out about 32,000 cubic metres of concrete tamping, which account for 70 percent of the total amount of the project, thus opening the vista to complete the project as a whole five months ahead of schedule.

Concrete tamping for the whole sections of the Chongnyu Bridge (second-stage) consisting of the principal bridge on the islet, the branch bridges and the arch bridges has been completed successfully, along with the makeup of the sidewalks.

Therefore, the suspension bridge built at the first stage is connected to Kumnung Tunnel No. 2.

The Army builders are now concentrating all efforts on the finishing work such as the arrangement of the area to complete the project at an early date.

South Korea

'Secret' Japanese-DPRK Agreement Asserted

SK2903065295 Seoul YONHAP in English 0615 GMT 29 Mar 95

[Report by Yi Chae-wuk: "Japan, North Korea Concede To Agree on Resumption of Talks"]

[FBIS Transcribed Text] Tokyo, March 29 (YONHAP)—The agreement in Pyongyang Wednesday between North Korea's ruling Workers' (Communist) Party and the visiting mission of Japan's ruling tripartite coalition to resume the rapprochement talks stalled since 1992 was already expected before the Japanese mission's arrival.

Japan did not raise the issue of Yi Un-hye, the Japanese woman North Korea allegedly abducted from Japan to serve as a Japanese language teacher for Kim Hyon-hui for her terrorist mission against South Korea. It was this issue that stalled the normalization talks in 1992.

North Korea refrained from mentioning the three-way agreement among the Workers' Party and Japan's Liberal Democratic and Socialist parties in Pyongyang in 1990 stipulating for Japan to compensate for North Korea's losses for over 45 years after liberation from Japanese rule attributed to the aftermath of imperialism, among other things. Japan's ruling coalition dislikes hearing about this agreement.

Against this backdrop was the North Korea-Japan agreement in Pyongyang Tuesday [28 March].

In addition, North Korea needs to use Japan to resist U.S. pressure for settling the row over its nuclear development program and recovering from its sagging economy, especially the severe food shortages.

And Japan, which is set to contribute some 1 billion U.S. dollars to North Korea's construction of light-water nuclear reactors, must need some channels of dialogue with North Korea.

For all these circumstances leading to improved North Korea-Japan relations, the manner in which the ruling parties of the two countries reached an agreement in the first round of their talks was quite beyond expectation.

The Japanese mission reportedly planned a "say-hi" meeting with leaders of the Workers' Party Tuesday, the first day of its visit to Pyongyang, and to reach an agreement in the final round of the talks Thursday, the final day of the visit, after working-level discussions. But North Korea balked at the Japanese mission's plan, extending the first round of the talks to no less than four hours in a very positive attitude.

Secretary Kim Yong-sun of the Workers' Party, who headed the North Korean delegation to the talks, even presented a draft agreement, saying, "Spring has come and let's make the North Korea-Japan relationship bear flowers and fruit."

Kim Yong-sun's behavior took the Japanese mission by surprise because the itinerary North Korea gave the mission said an agreement would be reached in the final round of the talks slated for Thursday.

The Japanese, while content with the way the North Koreans are carrying on the talks, fear they are merely dancing to the accompaniment of the North Korean music.

According to North Korea watchers here in Tokyo, behind North Korea's positive approach to rapprochement with Japan is its attempt to abate U.S. pressure to accept the light-water reactors made in South Korea by driving a wedge into the Japan-South Korea-U.S. link over North Korea's nuclear issue.

Japan and North Korea are expected to sit again together for normalization discussions in April or May, as a result of the agreement between the ruling parties of the two countries in Pyongyang Tuesday.

When the stalled government-level normalization talks resume, such knotty and sensitive issues as Japan's demand for information on the allegedly kidnapped Japanese woman and North Korea's claim for Japanese compensation for its post-liberation losses, will be on the agenda, as they were in previous talks.

So, the talks still have a long way to go until the two countries will normalize relations.

But in view of North Korea's urgent need for Japanese aid to settle its economic crisis, especially its severe food shortages, the talks will make rapid progress if North Korea makes concessions to Japan.

In this connection, some North Korea watchers are suspicious that Japan and North Korea have already concluded a secret agreement on normalization.

North Korea must have dropped the controversial demand for Japanese compensation for its post-liberation losses in order to welcome the Japanese ruling coalition's mission on the basis of Japan's secret aid commitment, they speculate.

It is such ideas that makes Seoul concerned about Japan's overtures to North Korea for rapprochement. Seoul agrees that Japan, as a country investing some 1 billion dollars in North Korea's nuclear reactor project to be launched under the U.S.-North Korea agreement last October, should have some form of dialogue channels with North Korea. But it does not want Japan to improve its relations with North Korea before inter-Korean relations are improved.

South Korean First Minister for Political Affairs Kim Yun-hwan, visiting here to meet with Japanese leaders about the Diet's (parliament) resolution apologizing for Japanese wrongdoings during World War II and the ruling coalition mission's visit to North Korea, denied Wednesday the allegations of a secret Japan-North Korea agreement.

According to him, leaders of the Liberal Democratic Party, the majority of the three-party ruling coalition, consider Tuesday's agreement in Pyongyang to resume the suspended normalization talks important in light of their political maneuver to take the initiative when Japan improves its relations with North Korea.

If Japan resumed the normalization talks with North Korea on the basis of a secret and unofficial agreement, without settling the pending issues between the two countries officially and openly, talks would never contribute to easing the tensions on the Korean peninsula and in Northeast Asia.

Further on Outcome of U.S.-DPRK Talks

North Said To Attach 'Conditions'

SK2903024195 Seoul YONHAP in English 0229 GMT 29 Mar 95

[FBIS Transcribed Text] Washington, March 28 (YONHAP)—North Korea has reportedly attached a handful of unreasonable conditions to its acceptance of South Korean standard model light-water nuclear reactors in the recent Washington-Pyongyang experts' talks held in Berlin.

Diplomatic sources here said Tuesday that North Korea, while hinting at the possibility of accepting the South Korean standard reactors, presented over 10 conditions, that would be extremely difficult in a practical sense to accept, if they are to receive the South Korean light-water reactors.

"There seemed to be no remarkable change in North Korea's position to not accept South Korean reactors," a source said.

A State Department source said that South Korea and the United States are poised to take concerted measures to counter the North's proposal after analyzing the North's real intention behind the proposal.

Their analysis, the source said, will focus on whether North Korea is employing tactics intended to gain more concessions from the Korean Peninsula Energy Development Organization (KEDO) or trying to pass the buck to the United States and South Korea in case negotiations break down so the reactor supply contract is not concluded by April 21, the target day of its signing.

Deputy spokeswoman Christine Shelly of the U.S. State Department said that the experts' meetings on the reactors project, between the United States and North Korea is expected to resume in Berlin in April, and that U.S. officials will proceed with the consultations based on issues raised during those talks.

Another State Department official indicated that, if the Berlin talks in April fail to reach an agreement, a political negotiation may be introduced to solve the problems between U.S. nuclear ambassador Robert Gallucci and North Korean Vice Foreign Minister Kang Sok-chu.

In a briefing session held by the State Department, Shelly said the outcome of the Berlin talks is "not entirely negative, nor is it particularly positive," explaining that the U.S. Government will continue to consult fully with South Korea and other KEDO partners on the current developments in the light-water nuclear reactor project.

When asked about the possibility of using the South Korean model and just calling it "something else," she replied, "well, there's been a lot of public speculation to that effect, but I'm not in a position to confirm anything."

ROK May Provide Non-Core Designs

SK2903113595 Seoul YONHAP in English 1114 GMT 29 Mar 95

[FBIS Transcribed Text] Seoul, March 29 (YONHAP)—North Korea proposed at the recent U.S.-North Korea reactors experts meeting in Berlin that if the United States takes care of the system design of core reactor equipment, Pyongyang won't care about South Korea taking charge of reactors' conceptual and basic designs, a South Korean Government official said Wednesday. The official was discussing the contents of the so-called epochal suggestion North Korea made at the Berlin meeting that adjourned on March 27.

He said North Korea, in particular, asserted that if a major American atomic energy firm like Westinghouse or Combustion Engineering works out the system design, South Korean technicians may take part in it.

"At the Berlin talks, North Korea expressed the view that there could be a decisive safety problem in South Korea's atomic energy knowhow," the official said.

North Korea, accordingly, requested that the United States take charge of the system design of core equipment that requires a high degree of expertise.

North Korea insisted that even if a U.S. firm works on the system design as they suggested, it would consequently be no difference from a South Korean model if South Korean technicians take part in the system designing.

The official said the new North Korean overture appears designed to keep a South Korean industry from participating in the conclusion of a reactor contract as the main contractor on the pretext of the safety of a South Korean model.

The United States deemed the North Korean offer worth reviewing and expressed the wish that a South Korean delegation in Geneva would consult with U.S. delegates on the matter, he said.

South Korea, however, categorically rejected the North Korean idea, prompting the United States to decide to take time in examining the North Korean offer, he said.

The Seoul government suspects that the North Korean idea stems from their schemes to prevent South Korea from playing a key role in the reactors project and also to drive a wedge into Seoul-Washington relations.

"We cannot compromise over the planned use of a South Korean model under any circumstances," the official said. "We have made it express that unless our model is accepted, we won't shoulder any financial burden in providing reactors to North Korea."

He stressed that all stages of a reactor design, ranging from conceptual design to system design, ought to be done by a single entity.

"If a U.S. industry takes charge of some part, it cannot basically be a South Korean model any longer," he said.

All construction processes of the South Korean model are so designed as to be conveniently done by South Korean expertise, the official added.

Embassy Stresses 'Firm' Position

SK2803234395 Seoul KBS-1 Radio Network in Korean 2300 GMT 28 Mar 95

[FBIS Translated Text] Responding to a THE WASHINGTON POST report hinting that high-ranking ROK and U.S. officials could be flexible in the supply of light-water reactors to the North, the ROK Embassy in the United States commented: The policy that the ROK should play a central role as a principal contractor for the supply of light-water reactors to the North is firm.

In a statement, the ROK Embassy in the United States emphasized: The ROK Government is maintaining a firm position that the ROK should play a central role as a principal contractor for the supply of light-water reactors to the North. The ROK and the United States reaffirmed such a position through a high-level consultative meeting recently held in Washington.

Report Reviews Events at Talks

SK2903002695 Seoul THE KOREA TIMES in English 29 Mar 95 p 2

[Report by Son Ki-yong]

[FBIS Transcribed Text] North Korea stands at the crossroads on whether to decide to break the Geneva agreement and face renewed threats of sanctions or accept South Korean-model nuclear reactors which it regards as a Trojan horse.

Officials here said that Pyongyang realized that its "brinkmanship" was no longer working at the expert-level talks with the United States, held in Berlin March 25-27 when Washington didn't budge and reaffirmed that there is no alternative to South Korean reactors.

President Kim Yong-sam also took a hardline stance by repeatedly warning North Korea against breaching the Geneva nuclear accord and resuming the operation of its nuclear facilities.

"North Korea didn't exhibit any hopeful sign at the Berlin talks. However we must create an atmosphere for North Korea to make a reasonable decision," said a ranking government official who declined to be identified.

Throughout the five sessions of the three-day talks, North Korea was adamant on the position that it cannot accept the South Korean model for "political, technical and financial reasons," the official said.

Instead, Pyongyang offered a series of new proposals which it believes are alternatives to the South Korean model, the official said. However, he declined to go into specifics.

"The North Korea proposals are based on the notion that it cannot allow South Korea to play the central role in designing, manufacturing and construction," he said.

Previously, North Korea said that it would allow South Korean companies to participate in the reactor program if a U.S. company is named prime contractor, a proposal declared unacceptable by Seoul.

The official confirmed that it is "true" that North Korea expressed its willingness to accept German or Russian nuclear reactors at the Berlin talks.

"We concluded that the North Korean proposals, aimed at excluding South Korea from playing a central role in the reactor project, are unacceptable. The United States also made it clear in the Berlin talks that there are no alternative to South Korean models," the official said.

However, the official refused to call the Berlin talks "a failure or breakup." As the official from Washington and Pyongyang adjourned the Berlin talks for consultations with their governments, he said it is most likely that the talks would resume in the near future.

"Neither the United States nor North Korea proposed to held high- level meetings instead of the expert level talks," he said.

The official said that officials from Seoul, Tokyo and Washington will convene to review the North Korean proposals and discuss a future course of action.

"The three countries have already completed drawing up plans of action for every possible scenario," he said.

Unless North Korea resumes operation of its nuclear facilities, Seoul will ask Washington to continue to engage in dialogue with Pyongyang even after April 21, when North Korea is to sign a reactor supply contract with the Korean Peninsula Energy Development Organization (KEDO).

Seoul officials are not optimistic over the possibility that the reactor supply agreement would be signed as scheduled because North Korea, which is reluctant to start negotiations with KEDO officials, has rejected the South Korean models.

However, the North Korean officials appeared to want to avoid a catastrophe and were attentive to reactions from U.S. officials during the Berlin talks, a far cry compared to the threats the North made prior to the talks, the official said.

The official praised the unprecedented well-working policy coordination among Seoul, Tokyo and Washington prior to the Berlin talks.

"Officials from Korea and Japan were dispatched to Berlin and held consultations with U.S. officials right before the expert-level talks between the United States and North Korea," he said. He denied a rift between Seoul and Washington over the issue as reported by THE WALL STREET JOURNAL.

Papers Comment on Berlin Talks

SK2903054795

[FBIS Editorial Report] The following is a compilation of articles and editorials from ROK vernacular newspapers published on 29 March on the U.S.-DPRK expert-level talks on light-water reactors held in Berlin.

The conservative CHOSON ILBO publishes on page 3 an 800-word editorial entitled "Now Is Time for the ROK To Be Obstinate." The editorial notes that the United States has yielded to North Korea's strategy of obstinance on every point, considering it easier to sacrifice the ROK's interests in order to not risk the rupture of negotiations with North Korea. The editorial asserts it would be intolerable for the United States to press the ROK to acquiesce on the term "ROK-style" and to expect the ROK to pay the enormous amount of expenses for the light-water reactors project. The editorial speculates that the United States may try to persuade the ROK by saying that the prevention of nuclear war on the Korean peninsula is a greater gain than that which would be earned by not giving in on the name of the reactors. The editorial objects that while "maintaining the Nuclear Nonproliferation Treaty system is of primary concern to the United States, it is only of secondary or tertiary importance to the ROK, and the ROK has other priorities." Pointing out that while the ROK is not opposed to supplying light-water reactors to North

Korea, the editorial asserts that the ROK will not forsake its pride and identity for it. The editorial ends by urging the ROK Government to be prepared for economic, military, and security pressure from the United States.

CHOSON ILBO publishes on page 4, a 1,400-word article by Washington-based correspondent Kim Chang-kyun speculating on North Korea's new proposal. Noting that a Washington diplomatic source likened North Korea's proposal to that of "The Merchant of Venice," the article speculates that once the new conditions are fulfilled, accepting the ROK-style will be meaningless. The article presents the possibility of "allowing the ROK to supply the reactor shells and having the United States supervise the construction." Noting the suggestion in the U.S. State Department's briefing on 27 March that North Korea's proposal is worth considering, the article reports that "the United States is hopeful about North Korea's new proposal and its softened position." Recalling that at one time the United States declared on several occasions that no concessions could be made on the verification of North Korea's past nuclear activities, only to back down on this when North Korea removed its spent nuclear fuel rods, the article doubts that the United States will maintain its position on ROK-style reactors. The article also points out that the United States indicated to the ROK that it was "war or compromise" as far as the issue of "past nuclear activity" was concerned. The editorial then says that the ROK Embassy in the United States is confident that the United States will support the ROK's stance, and that they point out that the situation differs from before in two aspects: "the ROK is the money source, and the Republicans are leading the U.S. Congress." The article ends by noting that in answer to remarks that the ROK is paying for most of the reactor costs, some people in Washington are cautiously suggesting that "$4 billion is a mere pittance for avoiding a war."

The moderate TONG-A ILBO publishes on page 3 an 800-word editorial entitled, "One Condition That Must Not Be Compromised." The editorial begins by saying that it is fortunate that the Berlin talks were not broken off but are at a pause. The editorial states that economics supercedes politics in the light-water reactors issue, but that North Korea continues to lay obstacles to negotiations by clinging to political ambitions. The editorial brands North Korea's demands that the reactors be supplied under the name of a U.S. company even if the contents are made in Korea, as being "unreasonable and going beyond the normal practice of international negotiations." The editorial asserts that if North Korea continues to refuse the ROK-style reactors, the only choice would be for the ROK to withdraw from the Korean Peninsula Energy Development Organization, KEDO. The editorial stresses that North Korea, as well as the United States, should be aware that as the contractor of the light-water reactors is not a U.S. company, but KEDO, in which the ROK is a founding member, the ROK cannot become a subcontractor to a U.S. company, and states that this condition can not be compromised.

The moderate KYONGHYANG SINMUN publishes on page 2, a 500-word article by reporter Kim Hak-sun citing a high-ranking ROK Government official's remarks on the Berlin talks on 28 March. The article cites the official as saying that the ROK Government conveyed its firm stance to North Korea through the United States during the Berlin talks that if North Korea violates any part of the Geneva agreement or refuel its atomic reactors, the whole Geneva agreement would be invalidated. The official also stated: "The ROK Government cannot but risk a certain level of tension on the Korean peninsula in order to adhere to the principles of the Geneva agreement. The United States has also expressed its intention of not being the first to propose the next meeting as long as North Korea continues to abide by its present position."

The pro-government SEOUL SINMUN publishes on page 3, an 800-word editorial entitled, "The North Should Negotiate With Us on Light-Water Reactors." The editorial insists that the supply of ROK-style reactors is an incontestable condition because the ROK is a direct party concerned and is undertaking a major part of the costs for the light-water reactors. The editorial explains that North Korea's obstinate refusal stems from its distrust of the ROK and its fear of internal unrest. The editorial concludes such problems should be solved through direct and active dialogue with the ROK because dialogue is the basis for mutual trust, which is imperative in North-South relations.

Firm Builds Reactor Vessel for Ulchin Plant

SK2903003295 Seoul THE KOREA HERALD in English 29 Mar 95 p 8

[FBIS Transcribed Text] Korea Heavy Industry and Construction Co. (Hanjung) yesterday shipped a reactor vessel to the Ulchin nuclear power plant No. 3, the first Korean standard nuclear power plant, a spokesman said yesterday. The 433-ton reactor vessel 12 meters long, and seven meters wide took four years to manufacture utilizing 100 percent Hanjung technology, a spokesman said. The Ulchin nuclear power plant Nos. 3 and 4 are the first 1,000 megawatt light water reactor-type Korean standard ones.

U.S. Ambassador Cited on Trade, Nuclear Issues

SK2903025895 Seoul YONHAP in English 0246 GMT 29 Mar 95

[FBIS Transcribed Text] Seoul, March 29 (YONHAP)—Ambassador James Laney of the United States Monday urged South Korea to further open up its market, pointing out South Korea exports hundreds of thousands of automobiles to the United States, while importing a nominal number of American cars.

Delivering a speech to a breakfast meeting of the Institute for Global Economics (IGE) held at the Lotte Hotel, downtown Seoul, the American ambassador stressed that the globalization trumpeted by the Kim Yong-sam administration will have to evolve from a slogan into a shared consciousness if South Korea wants to become a full member of the international trading community by the year 2000.

Laney, in his speech entitled, "The global economy and the Korea-U.S. relationship," also said, "Trade liberalization is in harmony with both President Kim Yong-sam's globalization campaign and with Korea's growing role in the international community.

"You are no longer dependent on the United States," said the ambassador. "If Korea's success means that Korea is no longer dependent upon the U.S., it also means that Korea cannot expect America to open its markets without Korean reciprocation."

"Korea is the 12th largest economy in the world. It's ahead of many European, first world nations.... And it's the United States' seventh largest trading partner," said Laney, who, however, added that many Koreans still have not assimilated into their new status and continue to think of their country as a passive victim of the aggressive trade policies of others. He said that Koreans should realize that South Korea is a strong, successful and rich country.

Korea, therefore, should not be surprised when asked to assume the role appropriate to the position it has earned, such as requests to contribute troops to United Nations Peacekeeping Operations and help other countries financially, said Laney.

Stressing that trade differences are inevitable and the best ways to achieve the necessary solutions will be negotiation and compromise, he noted "Canadians don't throng the streets in protest against American trade policies" in spite of hundreds of disagreements and vice versa. He was talking about the Korea-U.S. economic relationship.

"We are proud that the security guarantee we have provided in East Asia and the Pacific has been one of the factors that permitted this area's tremendous post-World War II growth," he said. "We, however, do not claim to be responsible for Korea's magnificent achievements."

"This growth was powered by Korean energy, know-how, and entrepreneurship, but it profited from U.S. markets that were kept open in order to help Korea grow," said Laney.

On the question of the type of the nuclear reactors to be provided to North Korea under the nuclear deal between the United States and North Korea reached last October in Geneva, he reaffirmed the U.S. position that no alternative to the South Korean standard nuclear reactors could be considered. "The United States is standing firmly together with the Republic of Korea (on the issue)."

Dismissing reports that the U.S. Government is considering providing American-made reactors such as those of Westinghouse, he said, "Forget about Westinghouse. Westinghouse is an entrepreneurial machine, not the U.S. Government."

Admitting that the issue of the long-term lease contract of the U.S. Embassy building here is under the keen eye of the press, he said that the U.S. and Korean sides failed to come up with a solution on the issue when they met six months ago. He, however, said that the U.S. side has never made high-handed demands for favors for the building of new U.S. Embassy building at a former girls' high school site.

U.S. Urges Further Opening of Financial Market

SK2903085095 Seoul YONHAP in English 0813 GMT 29 Mar 95

[FBIS Transcribed Text] Seoul, March 29 (YONHAP)—The United States urged South Korea to open up its financial market to meet the regulations of the Organization for Economic Cooperation and Development (OECD), as the country is proceeding with a plan to join the OECD, according to a Foreign Ministry statement Wednesday [29 March].

The statement on the outcome of the Dialogue for Economic Cooperation (DEC) meeting, held in Washington Tuesday between officials of the two countries led by Assistant Foreign Minister for Economic Affairs Son Chon-yong and Assistant Secretary of State for Economic Affairs Daniel Tarullo, also said that South Korea explained that a bilateral investment agreement should be considered after closely watching developments on the issue in such multilateral forums as Asia Pacific Economic Cooperation (APEC) and the OECD.

The country is in no position to sign an investment agreement with the United States although the U.S. Government wanted to discuss the issue, the statement said.

The United States, meanwhile, promised to support the country's effort to join the OECD, said the statement.

The DEC meeting held in Washington last Tuesday will be the last of its kind, according to the statement which added that the two sides will report the results of the DEC meetings to the 13th Korea-U.S. Economic Council meeting in Seoul scheduled for later this year.

Customs To Ease Rules on Certain N-S Trade

SK2803094195 Seoul YONHAP in English 0856 GMT 28 Mar 95

[FBIS Transcribed Text] Seoul, March 28 (YONHAP)—The government will ease customs formalities for goods arriving from North Korea, effective April 1, in the hope that it will boost inter-Korean trade.

Under the guidelines of customs clearance for inter-Korean trade the National Unification Board and the Korean Customs Administration jointly announced

Tuesday [28 March] that goods made in North Korea by processing material, originally sent from a South Korean firm, are re-imported, will now be cleared customs while in the re-importing firm's warehouse, regardless of where it is.

At present, re-imports clear customs inspections only by first passing through a bonded warehouse. Out of 42 customs offices across the country, only 18 have bonded warehouses.

Imports of North Korean origin will now pass customs inspection upon showing a copy of the place-of-origin certificate only on condition that the original certificate will be submitted after the products are cleared. Until now, without those certificates, such imports have not been allowed out of the customs office for fear they might be a third country's products disguised as North Korean ones.

Under the new guidelines North Korean products will be cleared customs even their place of origin is not indicated on them.

In cases where imports from North Korea exceed the approved quantity, the whole quantity will undergo customs inspection with the national unification minister's ex post facto consent, if the item is on the automatic approval import list. If the item is on the restricted import list the surplus will be subject to customs clearance with the national unification minister's prior consent.

Finally, imports of North Korean products via a third country will be made possible with only a bill of lading, provided the passage through the third country is done over a short period of time. At present, such imports must have a certificate attesting to its passage through the third country.

Firms Considering Expanding Investment in North

SK2903084695 Seoul YONHAP in English 0818 GMT 29 Mar 95

[FBIS Transcribed Text] Seoul, March 29 (YONHAP)—Businessmen from South Korea's Hyosung Corp. and Cheil Food and Chemicals, Inc., now visiting North Korea, are considering the possibility of expanding their trade and investments with the North, business sources here said Wednesday [29 March].

Hyosung officials here said its delegation plans to discuss with North Korean officials methods in which it could expand the current indirect barter trade as well as the processing-on-commission trade it has with the North.

Hyosung is also studying ways to set up a sewing factory near Pyongyang in an effort to expand the processing-on-commission trade of clothing.

If North Korea raises such issues as the establishment of processing factories for fishing-related products, bags, toys and communications cable, Hyosung will agree to discuss the issues with the North Korean officials.

The Hyosung delegation will hold business talks in Pyongyang and make a tour of local industrial facilities in the cities of Nampo, Haeju, Wonsan, Najin and Sonbong, according to Hyosung.

Meanwhile, Cheil officials here said its delegation to the North will attempt to secure independent channels to North Korea since it was recently separated from using the Samsung Business Group's, which already has its own channel.

In the North, the Cheil delegation will examine the situation to see which items would be best for investment and trade, as well as examine conditions and procedures for the future establishment of factories, according to Cheil.

Government Formally Applies for OECD Membership

SK2903111095 Seoul YONHAP in English 1032 GMT 29 Mar 95

[By Hwang Tu-hyong]

[FBIS Transcribed Text] Seoul, March 29 (YONHAP)—South Korea on Wednesday [28 March] formally applied for membership in the Organization for Economic Cooperation and Development (OECD), the Ministry of Foreign Affairs announced. The application was delivered by Ambassador to France Chang Sun-sop to OECD Secretary General Jean-Claude Paye at the OECD headquarters in Paris, France. Once the application is accepted, South Korea will be the 26th member of the group which consists of the world's most advanced economies.

Before applying for membership, South Korea has taken part various activities undertaken by the OECD since the 1980s. The country set up formal relations with the OECD in 1992 by joining its working party on shipbuilding.

Since the 1980s, OECD member countries have expressed their willingness to invite South Korea to the organization in recognition of its achievements in the fields of politics and market economy, a Foreign Ministry spokesman said.

The OECD has recently adopted a new policy of admitting front-running developing countries and former Soviet bloc partners in transition (PIT) countries which are moving to market economies from socialist ones. Thanks to the policy, Mexico joined the OECD last May and Poland, Hungary, Czech and Slovakia have already submitted applications for entry.

South Korea has thus far joined 23 of the 26 OECD committees.

President Kim Yong-sam related South Korea's desires to join the OECD to Paye when he visited Paris last month.

As a prerequisite to the country's joining the OECD, South Korea will have to accept most of the 167 regulations on trade, finance, competition policies, agriculture, education, technology and science.

Ministry officials, however, insist that a new member to the OECD reserves the right to accept the regulations conditionally or delay its acceptance for a certain length of time in consideration of a new member's domestic circumstances.

The country, therefore, will not undergo any overly hasty economic liberalization, said the spokesman who added that the OECD champions gradual liberalization to lessen the likelihood of social or economic chaos in its new member countries.

Countries joining the OECD will get boosted their images not only in the economic sector but also in the political and diplomatic sectors, a ministry official observed, noting that the OECD reviews a country's level of democracy, market economy and human rights as well as economic factors in accepting it as a new member.

South Korea, if accepted in 1996, will be the second Asian country to become an OECD member after Japan. Its OECD membership will mean an international recognition of the improvement of political and human rights situations in the country.

"Japan actually used its entry into the OECD in 1963 as an occasion to promote the country as one of the world's most advanced, while trying to break away from its past image as a loser of World War II," said Chong Hwa-tae, deputy director general of the Ministry for International Economic Affairs.

Japan actually brought its country closer to being a more advanced nation by enlightening the national consciousness and developing social systems more in line with advanced countries, he said.

Foreign Ministry officials hope that the country's entry into the OECD will help eradicate inefficient factors and systems in the country and facilitate the introduction of economic and other policies commonly adopted by the world's major economic powers.

The country will also be able to play a greater role in deciding major world economic policies, according to the officials.

The country will have to contribute about 3.8 million dollars, or 1.43 percent of the OECD's total budget, to the OECD once it joins the organization.

It now spends 0.05 percent of its GNP for Official Development Assistance (ODA) projects aiming at helping other developing countries, compared with other member countries' average 0.33 percent.

The level of ODA recommended by the OECD is 0.7 percent and the Seoul government is planning to raise it on a gradual basis.

On concerns that joining the OECD will signify an end to the generalized system of preference (GSP) for a country, officials insisted that membership in the OECD is not a key factor in deciding whether a country requires GSP treatment.

"The United States stopped providing the GSP treatment to the country in 1989 and the Europe will do the same starting next year," said Chong. South Korea also stopped receiving loans from the Asia Development Bank (ADB) and International Bank for Reconstruction and Development (IBRD).

Chong dismissed reports that Mexico fell victim to its hasty decision to join the OECD, claiming that Mexico's financial crisis was the result of its weak financial strength rather than its joining the OECD.

"Mexico has just about 5 billion dollars of foreign reserve against over 30 billion dollars of annual trade deficit while the situation in South Korea is quite the different with its foreign currency reserve reaching 26.7 billion dollars and annual trade deficit not exceeding 5 billion dollars," said the official.

The OECD Secretariat will examine South Korea's eligibility as a member based on such fields as capital movement, financial market, investment and environmental policy before making a report to relevant OECD committees by November.

During the first half of next year, the OECD committees and working parties will start official meetings with South Korean officials as to what extent South Korea will observe the 167 regulations which bind OECD member countries.

Each of the committees will then present its official opinion on South Korea's eligibility to the OECD's Council at the permanent representative level by the end of June 1996, so the council can make its final decision, officials said.

Once the council approves the application, the OECD Secretariat and the South Korean Government will sign an agreement binding South Korea's entry as a member, they said.

Officials expect that the agreement will take effect during the latter half of next year, when the National Assembly is scheduled to ratify it.

To Discontinue Assistance Program

SK2803113495 Seoul YONHAP in English 1113 GMT 28 Mar 95

[FBIS Transcribed Text] Seoul, March 28 (YONHAP)—South Korea would not provide assistance to developing countries for the time being even if it joins the Organization for Economic Cooperation and Development (OECD) next year as planned.

Chong Tok-ku, director-general of the Finance and Economy Ministry's External Economy Bureau, said Tuesday [28 March] assistance to developing countries is not obligatory on OECD member countries but a mere recommendation.

"Therefore, our entry into the OECD does not necessarily mean that we have to shoulder the burden of expanding development assistance to developing countries," Chong said.

He added, however, there is the need to expand assistance to developing countries in the aspect of expanding economic cooperation once the country's economic ability improves further and Korean industries advance to such countries more positively.

Last year OECD countries provided assistance equivalent to 0.3 percent of their GNP to developing countries on the average through the OECD's Development Assistance Committee (DAC) against the OECD- recommended 0.7 percent.

Only four of the 25 OECD member countries met the recommended 0.7 percent. The four were Sweden, Norway, Denmark and the Netherlands.

Twenty-one of the 25 member countries have joined the DAC. Spain and Portugal, in particular, professed a plan to join the DAC 30 years after their entry into the OECD.

Meanwhile, the government formally submits an application for entry into the OECD on Wednesday. The application, signed by Foreign Minister Kong No-myong, will be forwarded to the OECD secretary-general by Korean ambassador to France Chang Sun-sop.

DLP Selecting Local Election Candidates

SK2903084395 Seoul YONHAP in English 0807 GMT 29 Mar 95

[FBIS Transcribed Text] Seoul, March 29 (YONHAP)—As the deadline for public officials running in the June 27 local elections to resign passed Wednesday [29 March], the ruling Democratic Liberal Party's [DLP] work of selecting candidates began to gather speed with some hopefuls already emerging as prospective party nominees.

The government party plans to screen those candidates through a competitive vote in six of the nine provinces—Kyonggi, Kangwon, North Chungchong, North and South Kyongsang and Cheju.

In Seoul, the ruling party is considering former Prime Minister Yi Hoe-chang and independent lawmaker Pak Chan-chong as its mayoral candidate. Whoever it decides upon, the DLP does not plan to subject him to a vote. In the Pusan race, the ruling party has all but chosen Rep. Mun Chong-su as its mayoral candidate.

In Taegu, the party has apparently decided on former Mayor Cho Hae-nyong. In Inchon, the DLP's democratic faction, loyal to President Kim Yong-sam, has tentatively designated former Mayor Choe Ki-son, but his bid is strongly challenged by Rep. Kang U-hyok.

It is all but certain that former Mayor Kim Tong-hang will be nominated as Kwangju mayoral candidate, that ex-Mayor Yom Hong-chol will be nominated in Taejon, ex-Governor Pak Chong-pae will be the candidate in the South Chungchong provincial governor's race, that former Agriculture, Forestry and Fisheries Minister Kang Hyon-uk will be North Cholla's provincial gubernatorial candidate, and that former Governor Chon Sok-hong will be the candidate for the South Cholla Province race.

Contesting the Kyonggi provincial governor's candidacy are Reps. Yi In-che, Yim Sa-pin and former lawmaker Chong Tong-song, while Rep. Yi Hae-ku and former Governor Yi Chae-chang are hailed by lawmakers from the province. For North Kyongsang provincial governor's candidacy, Senior Presidential Secretary for Governmental Affairs Yi Ui-kun will most likely be selected. Former Governor Yi Pan-sok, also a candidate, is reportedly reluctant to compete with Yi in a vote.

In South Kyongsang Province, Rep. Ha Sun-pong and ex-Governor Choe Il-hong have expressed their interest in competing for the gubernatorial candidacy. Former Governor Kim Hyok-kyu will probably be selected as the candidate, however a competitive vote is not likely.

In Cheju Province, while Governor Sin Ku-pom is being charged with premature electioneering, two contestants—ex-Governor U Kun-min and ex-lawmaker Kang Po-song—remain in the arena, but whether their candidacies will go to a vote is still uncertain.

Accordingly, competitive voting is likely to take place only in a few provinces, most likely in Kangwon and North Chungchong Provinces.

Along with the selection of gubernatorial and large city mayoral candidates, the party is also engaged in screening candidates for the administrative heads of counties, small cities and wards of large cities. But little progress has been made recruiting former cabinet members as DLP candidates for such posts.

A senior DLP official said Monday, "Over 20 former grade two and grade three officials, in their 40s and 50s, are being contacted for possible candidacies as county chiefs, small city mayors and ward chief elections."

Possible recruiting in connection with the coming local elections is being promoted as several senior civil servants who have recently resigned in Seoul, Taejon and South Chungchong Province are running in the elections on opposition tickets or as independents.

"We also plan to recruit over 10 professional business managers as candidates for the heads of lower local administrative bodies," the official said.

Opposition Lawmaker Calls For 'New Structure'

SK2903055995 Seoul YONHAP in English 0528 GMT 29 Mar 95

[FBIS Transcribed Text] Seoul, March 29 (YONHAP)—Rep. Yi Pu-yong, vice president of the opposition Democratic Party, called for a new political structure that is oriented towards fresh reform to be formed.

The dissident-turned-legislator said in a speech Wednesday that sweeping political reform is necessary for the country to meet the new order in an era of globalization, insisting that "now is the time for us to sever the knots of the ruinous regional hegemony."

Yi made the insistence in a speech titled, "I propose a new line of Korean politics in a transitional period" at the press center in downtown Seoul where he was a guest speaker of the Foreign Correspondents' Club.

As for his new political line, Yi presented three major tasks—revamping of present political structure by eradicating the regional hegemony, promoting a new reformative political line consistent with the change of the times, and forming a new centripetal force for reform. He also emphasized the need to establish a new civic movement group that is concerned with politics.

Government To Establish Welfare Planning Corps

SK2803113295 Seoul YONHAP in English 1115 GMT 28 Mar 95

[FBIS Transcribed Text] Seoul, March 28 (YONHAP)—The government decided Tuesday [28 March] to set up a Welfare Planning Corps either under the control of the Globalization Promotion Committee or the office of the prime minister.

The decision was made at the cabinet meeting, in which Prime Minister Yi Hong-ku called for the early creation of a Welfare Planning Corps so as to visualize President Kim Yong-sam's idea of expanded welfare programs.

"Initially we planned to establish a welfare corps at the Health and Welfare Ministry," an official at the office of the Prime Minister said. "But, we have changed the plan and now intend to create it at the office of the Prime Minister because close inter-ministry coordination would be needed in working out overall welfare programs."

20% of Foreign Workers Illegally Change Jobs

SK2903122195 Seoul YONHAP in English 1135 GMT 29 Mar 95

[FBIS Transcribed Text] Seoul, March 29 (YONHAP)—One in every five foreign industrial trainees in South Korea have changed jobs arbitrarily, thus making themselves illegal stayers.

A material available from the International Trade and Industry Ministry showed Wednesday [29 March] that of the 20,947 foreign trainees who have entered the country at the recommendation of the Korea Federation of Small Business, 4,368 or 20.9 percent of the total have illegally left the workshops they were initially assigned to.

By nationality, they included 2,396 Chinese or 54.9 percent of the total deserters, 509 Filipinos, 380 Myanmar [Burmese] workers and 272 Nepalese.

A ministry official said the reason for their desertion seems to be that they get far higher wages at illegally found jobs than the monthly training allowance of 300 dollars they used to get at their original workshops.

Burma

U.S. Tourists 'Stranded' as Violence Escalates

BK2803101895 Bangkok THE NATION in English 28 Mar 95 p A6

[FBIS Transcribed Text] Mae Sai, Chiang Rai—The border crossing at Tachilek remained closed yesterday as the Burmese army reinforced its frontier against possible urban attacks by drug warlord Khun Sa's Muang Tai Army (MTA).

Although the situation in Tachilek remained calm as Burma celebrated the golden jubilee of its Armed Forces Day, Burmese troops were seen patrolling the town and the border with Thailand's Mae Sai district of Chiang Rai. Border authorities said several thousand troops arrived in Tachilek over the past week and were immediately sent to the front line where the Burmese Army are engaging MTA troops.

Thai authorities and security forces in Mae Sai were obviously annoyed that the Burmese army had, during the night, placed a number of troops and heavy artillery at the foot of the Mae Sai River bridge, the entrance into Tachilek, as the move would worry both tourists and local Thais.

Although the artillery was removed by 6 am yesterday, Burmese forces remained in place.

Many Thai and foreign tourists, who arrived in Mae Sai yesterday, were obviously disappointed at the abrupt closure of the border since Sunday afternoon, as they expected to be able to travel to Burma.

Burmese troops across the Mae Sai River were seen constructing bunkers on the river bank as part of its preparation against possible raids by the MTA.

A unit of about 60 MTA commandos launched a lightning attack against Tachilek last Monday, killing at least three Burmese soldiers.

The Burmese troops, in an attempt to round up the MTA force, burnt down 27 houses where they believed the MTA troops were hiding in, causing at least 200 people to become homeless.

Army Chief-of-Staff Gen Suthep Siwala said yesterday, after a briefing on the border situation, that he expected "an escalation of violence" between the Burmese and MTA troops. He said Thailand would remain neutral in the conflict.

When asked to comment on the positioning of heavy artillery pointing towards Thailand, he said he believed the military hardware "would not be used against Thailand".

Suthep was speaking to reporters after presiding over a military exercise of Naresuan Taskforce in preparation for a possible incursion by foreign armed troops.

Mae Sai District Chief Phakdi Rattanaphon said yesterday that he believed the Burmese authorities will open Tachilek checkpoint today for cross-border communication, trade and visitations.

Meanwhile, a source said some 20 Thais and Americans in three separate tour groups had been stranded deeper inside Burma since last Sunday.

Karen Rebel Group Denies Surrendering to SLORC

BK2503091295 Bangkok BANGKOK POST in English 25 Mar 95 p 7

[FBIS Transcribed Text] A Karen National Progressive Party (KNPP) executive member has denied surrendering to Burma's ruling State Law and Order Restoration Council (SLORC).

His party totally denied SLORC's recent claim that his group had laid down arms, he said yesterday.

The KNPP executive member, who did not want to be identified, said SLORC's announcement in Loikaw in eastern Burma on March 21 was "merely propaganda and a big lie to the world."

"We will soon issue an official statement denying the announcement," he said. He was referring to reports published in the official Burmese media in Rangoon and a radio announcement picked up by foreign news agencies.

The announcement said Karen ethnic minority rebels had laid down arms and surrendered to SLORC in Loikaw in Kayah State.

According to the KNPP executive member, after the KNPP reached a ceasefire agreement with SLORC, nine official KNPP representatives were sent to Loikaw in March to attend a formal signing ceremony.

On March 21, the nine KNPP representatives and SLORC Secretary Major Gen Khin Nyunt attended the ceremony.

At the ceremony the head of the KNPP was forced to say the KNPP had surrendered to SLORC.

SLORC took the opportunity to broadcast to the world that 7,790 members with 9,000 weapons including mortars, recoilless, and an assortment of guns had surrendered with their weapons, said the executive member.

Actually no member of the KNPP had surrendered, nor were any arms given to SLORC, the Karen executive member said.

"The Karen will continue to implement their political objectives," he said.

Tin U: 'No Plans To Resume Political Activity'

OW2603130695 Tokyo KYODO in English 1144 GMT 26 Mar 95

[FBIS Transcribed Text] Yangon [Rangoon], March 26 KYODO—The former chairman of the Opposition

National League for Democracy (NLD) in Myanmar [Burma] suggested Sunday [26 March] he has no plans to resume political activity. Tin U, also a former defense minister, was released from prison on March 15 after serving five years and eight months in prison.

In an interview with KYODO NEWS SERVICE, the 68-year-old Tin U said, "I want to lead a quiet life now." He would not comment on political issues, only saying, "although I love the Armed Forces, I love the people much better."

He added that he was displeased to have been treated not as a political prisoner but as an ordinary prisoner at the prison. Tin U said he was allowed to read religious books alone at the prison.

Thirty-one political prisoners including Tin U and another NLD leader, Kyi Maung, were released in commemoration of the 50th anniversary of Armed Forces Day on March 27.

Tin U, who became a four-star general and defense minister in March 1974, was removed from office and arrested in connection with a coup attempt by military members, including his private secretary, in March 1976. He regained freedom in 1983 after serving seven years in prison.

Tin U became chairman of the NLD in December 1988. He and NLD General Secretary Aung San Suu Kyi were detained on July 20, 1989, under the security law for allegedly inciting unrest against the government. Aung San Suu Kyi was placed under house arrest while Tin U was tried and sent to prison for three years, later extended by seven years.

Neither Aung San Suu Kyi nor Tin U could take part in general elections in May 1990 when the NLD won with an 80 percent majority. The ruling military junta, however, refused to accept the election's results and said it would remain the governing authority.

Brunei, Malaysia & Singapore

Malaysia

Mahathir on Western Policy Toward Third World

BK2903012295 Kuala Lumpur Voice of Malaysia in English 0600 GMT 28 Mar 95

[FBIS Transcribed Text] Developed nations are more interested in pushing up costs in developing countries than ensuring the people were free. Malaysian Prime Minister Datuk Sri Dr. Mahathir Mohamed said former colonial subjects must remember how they were fully exploited. Their pristine forests were razed to the ground to make way for plantations and the extraction of minerals. Colonialists did this by ganging up entirely all kinds of blocs which had a tendency to jointly act against the economic interests of developing countries. Dr. Mahathir said this when opening the regional development cooperation in Asia and the Pacific meeting of the United Nations Development Program in Kuala Lumpur.

Anwar on Need To Curb Inflation, Maintain Growth

BK2603134895 Kuala Lumpur UTUSAN MALAYSIA in Malay 25 Mar 95 p 2

[FBIS Translated Excerpt] Kuala Lumpur, 24 Mar—The government will continue to curb inflation and maintain economic growth even though the current growth rate is satisfactory, said Deputy Prime Minister Anwar Ibrahim.

Anwar said inflation stands at only 3 percent, the lowest among countries in the region, as China has 20 percent, Iran 18 percent, and Saudi Arabia 12 percent.

Anwar, who is also finance minister, said the Central Bank report on inflation and the growth rate of 8.7 percent is something people should be proud of, as the growth rate is higher than last fiscal year's projection of 8.5 percent.

"The inflation rate must be curbed so as not to affect national development and those with low incomes," he said.

Anwar made the remarks while addressing a meeting of more than 1,400 settlers and members of the Federal Land Development Agency at the Islamic Center here today.

Anwar said despite the country's spectacular economic achievements, development efforts must continue to ensure greater successes. [passage omitted]

Singapore

Authorities To Aid Departure of Filipino Maids

BK2703152495 Singapore Radio Corporation of Singapore in English 1400 GMT 27 Mar 95

[FBIS Transcribed Text] Singapore has assured the Philippine Embassy here that the authorities are ready to work with the embassy to facilitate the departure of Filipino maids who have made arrangements with their employers to return home.

A statement from the Ministry of Foreign Affairs [MFA] says to help expedite the process, Singapore authorities have requested a list of names, passport numbers, and work permit numbers of those going home. Relevant Singapore authorities have also agreed to a request to secure diplomatic and landing clearances for a Philippine Air Force plane to take the maids home.

Responding to media queries, the MFA confirmed that the Philippine Embassy had approached the authorities here for assistance in the immediate processing of documents for Filipino maids which wished to return to their country permanently.

Cambodia

General: KR Shelling Thailand 'To Create Conflict'

BK2903035395 Hong Kong AFP in English 0719 GMT 28 Mar 95

[FBIS Transcribed Text] PHNOM PENH, March 28 (AFP)—A senior Cambodian general on Tuesday blamed the Khmer Rouge [KR] for shells fired on Thai territory that he said was an attempt to create conflict between the two countries.

"Thailand said that government troops fired shells into their territory but I have examined this report and it was not the action of the government army," General Chhum Socheat, spokesman for the chiefs of staff, told AFP.

"The Khmer Rouge are responsible for firing into Thai territory because the Khmer Rouge want to create conflict between the government and the Thai side," he said.

A Thai official told AFP in the Thai border town of Aranyaprathet on Monday that the Thai military had fired warning shots at Cambodian government positions after at least eight rockets, fired by government rocket launchers, fell on Thai soil.

Five Thai homes were damaged but there were no injuries, the border official said.

Ministry of Information spokesman Sieng Lapresse said a Thai military officer had acknowledged that the shells could have been fired from the Khmer Rouge's stronghold at Phnom Malai in an attempt to undermine upcoming talks between Second Prime Minister Hun Sen and Thai Prime Minister Chuan Likphai.

Hun Sen was to pay an official visit to Thailand on Wednesday where the border security question was expected to be one of the main issues.

Government troops backed by tanks and helicopter gunships have recently been pushing against Khmer Rouge positions around their stronghold at Phnom Malai near the Thai border in northwest Banteay Meanchey province.

Khmer Rouge Communique Urges Intensified Struggle

BK2803083795 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 27 Mar 95

["Press Communique" issued by the Secretariat of the Provivional Government of National Union and National Salvation on 27 March; place not given]

[FBIS Translated Text] The cabinet of the Provisional Government of National Union and National Salvation [PGNUNS] held its weekly working meeting on Monday, 27 March, under the chairmanship of His Excellency [H.E.] Khieu Samphan, prime minister and minister of the National Army, and with the participation of all its members.

I. The cabinet examined the situation of our nation and people's ongoing national and racial liberation struggle, in which the two-headed government, the instrument of war of communist Vietnam, and the alliance, is moving toward a total collapse in all fields and sectors.

On the military battlefield during this 17th dry season, the government's large-scale campaign against the people and Democratic Kampuchea [DK] in north Cambodia has been completely defeated and has definitely terminated the 17th dry season.

Since the end of October 1994, the old and new aggressors as well as their puppet lackeys have painstakingly mustered their rotten and worn-out troops with second-hand weaponry to launch a large-scale offensive against the people and in the DK-liberated zones. With their agonized adventure, they hope to use the military battlefield to shore up the two-headed government, which is plummeting rock bottom in all fields and sectors.

Communist Vietnam and the alliance have intensified their efforts and sent their elements, both military and civilian, to assist and beef up the two-headed government. They help it with everything in the political, economic, financial, and diplomatic fields and psychological propaganda. They have gone so far as to send their soldiers and officers to assume command directly on the battlefield. Nevertheless, they have been defeated in the Cambodian people's guerrilla and people's warfare in which land mines and spikes are the main ingredients. They definitely have suffered a severe and utter defeat in this 17th dry season since they have no more soldiers and commanders left to fight. Previously, they already had no troops to fight; now, they have nothing left. Of their forces, including both the American-backed and communist Vietnamese puppet troops, there are no more than 10 percent left.

The overwhelming defeat and failure they met in this large-scale dry-season offensive cause the situation of the two-headed government, which is so corrupt and decayed, to become more rotten and to move toward a total collapse and complete death.

Now, even their boss, the alliance, is so desperate. In the past, the alliance gave huge amounts of cash to the incapable traitorous Hun Sen-Chea Sim-Ranariddh clique, which is so awkward and corrupt. So since it no longer receives any leftovers, since it is so rotten politically and socially, and since it has been totally defeated on the military battlefield, how much longer can the two-headed government survive?

II. Wholeheartedly, the PGNUNS cabinet wishes to commend the people, National Army of Democratic Kampuchea [NADK], and village guards for their joint efforts to carry out the persistent and continual struggle to crush and defeat completely the enemies' large-scale offensive, thereby definitely terminating the 17th dry season.

The victory is of deep strategic significance. It marks an important turning point in the fight to end the war waged by communist Vietnam, the alliance, and the two-headed government. It is deeply strategic because the two-headed troops basically have been dispersed and disbanded. They have no more troops and commanders left to fight. It is also deeply strategic because the nation, people, NADK, and village guards feel increasingly confident of and more clearly realize the power of guerrilla and people's warfare in which land mines and spikes are used as the most effective weapons to attack the enemy. The forces and weapons, which are perennial and on standby in the localities, are with the nation and people. Another strategically important point is that the people in Phnom Penh have now engaged in a more vigorous struggle.

The victory belongs to our entire Cambodian nation and people, who have joined hands to carry out synchronized activities under all appearances and everywhere, pinning them down, stretching them out, and draining off their forces permanently. All in all, in the situation where the two-headed government is tumbling in a death square, it is imperative for our entire nation and people to continue to step up their tenacious and arduous struggle with a view to putting an early end to communist Vietnam's race exterminating war of aggression, thereby achieving genuine national reconciliation and peace once and for all.

Our nation and people's great victory during this 17th dry season truthfully proves that despite their cruelty and barbarity, the aggressors, those running counter to the trend of mankind, and the traitors to the nation can never prevail over the forces of the nation and people and the forces fighting for peace and national reconciliation.

Anywhere and anytime, this veracity is never extinct; it has instead become brighter and brighter. So long as our nation and people continue their persistently tenacious and arduous heroic struggle with our own forces, it is certain that we will be able to achieve our nation's deepest and most sacred aspiration for genuine national reconciliation and peace. And only with genuine national reconciliation and peace can our people have the opportunity to earn a normal living and can our nation and race be saved and protected forever.

Monday, 27 March 1995
The Secretariat of the PGNUNS cabinet

Khmer Rouge on SRV Attempts To 'Muzzle' Rangsi

BK2903090995 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 27 Mar 95

[Unattributed commentary]

[FBIS Translated Text] According to reliable and informed sources, communist Vietnam has ordered puppets Hun Sen, Chea Sim, Sar Kheng, and Ranariddh to send a group of hooligans to Paris in an attempt to assassinate Sam Rangsi there. They have been furious with the latter, who has opposed and exposed them for their warmongering ambition, destruction of national reconciliation and peace, most corrupt practices, and acts of selling out and killing the nation. They are looking for the opportunity and methods to liquidate or muzzle Sam Rangsi as they previously did to several journalists.

Communist Vietnam and its puppet lackeys know nothing about democracy, human rights, or the rule of law. They are despotic and fascist and have exerted exclusive control over everything in the military and civilian sectors and the legislative, executive, and judicial branches. They want no one to stand in their way.

With communist Vietnam, one should behave servilely as a puppet like Ranariddh, who is a puppet of Hun Sen, or else one will be knocked off for certain. Communist Vietnam is always fascist, cruel, and barbarous as such. As for the long-nosed guys, they have been destroyed by communist Vietnam many times, but they still don't realize that.

Nevertheless, their fascist, cruel, and barbarous actions have more clearly demonstrated, and they completely have their back to the wall. They cannot deceive nor intimidate anyone any longer. They will certainly be decimated because the masses are rising up to destroy them.

As the masses in Phnom Penh used to say, communist Vietnam can never bury the hatred of the Cambodian nation and people. Instead, the animosity has increasingly intensified. It will burn its head and put it away in the near future, come what may.

Article Views 'Distrust' Among Government Leaders

BK2903040495 Phnom Penh PHNOM PENH POST in English 24 Mar-6 Apr 95 pp 1, 2

[Report by Nate Thayer]

[FBIS Transcribed Text] The absence of much of the country's leadership while attending ICORC [International Conference on the Reconstruction of Cambodia] in Paris earlier this month set of a chain of events that reflects the deep distrust that remains between the three primary factions within the government and officials' jitters about activities of critics outside the government.

While life in the city remained normal and serene on the surface last week, behind the scenes various political power blocs were on the alert for perceived enemies. Rumors swept government military and intelligence circles of possible demonstrations, coup attempts, prison breakouts, and palace intrigue in the absence of the two prime ministers.

Second Prime Minister Hun Sen left Cambodia to join First Prime Minister Ranariddh in Paris on Mar 10, making it the first time both prime ministers had been absent from the country at the same time since last August, in the wake of July's aborted coup attempt.

Last August, the two prime ministers insisted at the last minute that Co-Deputy Prime Minister and Interior Minister Sar Kheng accompany them on their state visit to Malaysia, afraid to leave him in Phnom Penh, according to government and diplomatic sources. In his capacity as co-deputy prime minister, Sar Kheng shares the role of head of government with Co-Deputy Prime Minister Ing Kiet in the absence of the prime ministers.

But this time, the prime ministers neglected to sign the documents formally transferring authority in their absence. Diplomats and government sources say that for 24 hours until March 11 there was no one formally in power in Cambodia until the leaders were tracked down in France and convinced to sign the papers. Meanwhile, Hun Sen ordered his secret police to monitor closely the telephone conversations, movements and meetings of Sar Kheng while the second prime minister was overseas, according to senior government sources.

On Saturday, March 11, Sar Kheng dispatched "several hundred" security personnel on high alert to monitor "unusual movements around the city by military because of rumors of demonstrations or coup attempts," according to sources close to him.

In separate events, the military was put on alert and large numbers of troops were dispatched by different political leaders—often without informing or coordinating with each other—in preparations to put down possible disturbances.

Co-Defense Minister Tea Chamrat on March 22 denied that there was any unusual military activity. "There are no troop movements, everything is normal," he told the Post, saying that there was no increased state of alert. But several other senior officers confirmed a "state of alert, precautionary measures because of rumors of demonstrations."

Sar Kheng was not informed of hundreds of provincial based forces loyal to Hun Sen who were secretly brought in from the provinces on Sunday, March 12 and remained stationed at press time on key roads on the outskirts of Phnom Penh waiting for orders to enter the city in case of disturbances.

"We were ordered to come here to protect against a possible coup attempt by the CPP [Cambodian People's Party]," said one soldier interviewed by the Post in a frightened whisper, saying his commander had ordered absolute secrecy of their mission. His unit of 300 was brought from Kompong Cham and stationed at a pagoda 12 kilometers north of Phnom Penh in Bak Kheng village. "We were told that if nothing happens in two weeks we will go back, but there might be another time."

As well 300 "special troops" brought in from Kampot are located on Route 3 on the outskirts of Phnom Penh for similar purposes, said a senior military general. "They are the troops of the second prime minister," he said. Other similar strike forces are located on other major routes entering the city, say military and diplomatic sources, but no clear figure of exactly how many could be confirmed.

Senior Hun Sen loyalists in the military insist they had strong evidence that a demonstration was scheduled for Thursday, March 16 by "military personnel, intellectuals, and students. Their slogans were the necessity of national reconciliation, support the King, and oppose corruption," according to a senior diplomat with close ties to the CPP. Hun Sen loyalists inside the military assured diplomats: "The CPP is fully aware of the situation and it is completely under control. Nothing will happen."

"We were told there was a plan for demonstrations or coups against the government so that is why there are troop movements," said a perplexed senior diplomat, "but maybe the main reason is simple distrust among the factions in the leadership."

On Tuesday, March 14, CPP strong man Chea Sim requested an audience with the King and informed him of possible coup attempts in the making. One source quoted Chea Sim as telling King Sihanouk, "According to the rumor there will be a coup and this coup will come from the Royal Palace. But, of course, we don't believe you are involved."

Said a diplomat close to the CPP: "The meaning of Chea Sim's visit to King Sihanouk was: 'If you dare do something, the reaction will be very strong.'"

Within 48 hours Sihanouk abruptly announced that he would be departing for Beijing for medical reasons, citing test results from doctors at the Pasteur Institute that required follow up by Chinese doctors. But sources close to the King acknowledge that "The King is not happy that people are using his name. He is accused of joining Sam Rangsi or Son Sann or trying to make a coup. He doesn't want to be forced to be involved or be seen as a mastermind." The King departed for Beijing March 22.

At the same time rumors of an attempted prison breakout of convicted coup plotter Sin Sen from Phnom Penh's T-3 jail led to secret police cordoning off the jail on March 16 and reinforcements sent to beef up prison security, ordered by Funcinpec [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] Co-Minister of Interior Yu Hokkri. Sources close to Sar Kheng say that he was not informed of the security reinforcements at T-3 until afterwards. "Yu Hokkri ordered Funcinpec men to be on alert," said a senior government source close to Yu Hokkri, "He does not trust Sar Kheng or Hun Sen—so he ordered his own troops to be on alert, not just T-3 but all over the city. Yu Hokkri has no confidence in anyone, that is clear."

According to sources close to Yu Hokkri, he received intelligence around March 13 that guards at T-3 were "preparing to look the other way" as an attempt would be made to breakout Sin Sen. Yu Hokkri dispatched 40 additional plainclothes guards on March 16, bringing to a total of 90 the number of guards at the prison by the end of the week. Roads around T-3 were blocked to traffic, and undercover security patrols remained heavy at press time. All visits by family and doctors were suspended to Sin Sen, according to prison officials. Yu Hokkri acknowledged the increased security at T-3, when contacted by the Post on March 22, but deemed it a "routine precaution. It is normal," he said.

The last time Hun Sen was in Paris in August for medical treatment, accused Sin Sen coup collaborator Sin Song escaped from prison under circumstances that strongly suggest official assistance from sectors of the government, government and diplomatic sources agree.

What lies as a backdrop to all these high level official jitters are persistent intelligence reports that there may be further disturbances, including Khmer Rouge terrorist attacks, in Phnom Penh around the Khmer New Year and 20th anniversary of the Khmer Rouge victory in mid-April. Rumors of secretly planned demonstrations that openly confront the government and call for a return to power of the King abound.

Government intelligence sources say they have firm evidence that the Khmer Rouge have infiltrated explosives and special units into Phnom Penh in recent weeks for such a purpose. "We know that the Khmer Rouge have smuggled at least two 107 rockets from Kompong Thom, but we lost track of them outside of Phnom Penh. We do not know where they are now," said a senior government official.

One hundred seven millimeter rocket launchers are a portable weapon with a firing range of seven kilometers, and officials fear that the rebels may fire them into the city, according to sources.

But even many of the senior government sources say that in fact there is little hard evidence that disturbances are planned. "The one thing that is sure is that nobody trusts each other. That is very clear," said one senior government official.

Other officials say that the insistence that antigovernment activity is imminent may be just pretext to use to crackdown on dissent within the government which has greatly angered senior officials in recent months. "It's like they're preparing public opinion," said an official in reference to official intelligence of demonstrations of Khmer Rouge terrorism. "These rumors of manifestations are mainly rumors with no substance when you look behind each one. They may be creating an atmosphere to use it as a pretext to crackdown." He cited the constitutional allowance for the prime ministers to "declare a state of emergency" in the case of civil unrest.

Human rights officials say that the prime ministers' call to shut down the UN Center for Human Rights, the numerous censures of opposition press in recent months, and the legal preparations by the government to charge maverick MP Sam Rangsi with what amounts to treason, are the beginning of an official effort to put an end to criticism of the government that leaders say undermines its image at home and abroad as a democratic country.

On the night of March 22, 15 armed men from the government's Bodyguard Protection Unit came to Rangsi's house and ordered Rangsi's bodyguards to return to their barracks. Interior Minister Yu Hokkri confirmed later that night that the move was an official order. "It is not the job of the government to protect MPs," he said.

The bodyguards were the same personnel who had protected Rangsi before he was sacked last September as finance minister.

Senior government officials say it is part of an officially sanctioned campaign of intimidation that has been ordered by senior officials to begin against Rangsi with the objective of frightening him to silence his criticism or leave the country. "There will be a show of force. Rangsi is in big trouble, real danger," said the official, with close ties to the government security apparatus. "They will at first only try to frighten him and his wife. But they will do whatever is necessary to stop him in the end."

The official said that the strategy, led by the second Prime Minister Hun Sen, is based on the theory that if Rangsi is allowed to succeed in his criticism it may give ammunition to other government critics, many now frightened into silence, to speak out. "If Rangsi is allowed to win, other MPs could view him as a martyr. Then other voices will be raised. It is unacceptable to allow the National Assembly to become a real democratic institution. The two PMs must maintain control over the National assemble (and) not allow it to be an independent force."

Prime Minister Ranariddh said last week that "I am sorry Sam Rangsi was finance minister. I am sorry he is in Funcinpec. I am sorry he is a Khmer."

Laos

U.S. Embassy Statement on MIA Identification Noted

BK2903103595 Vientiane KPL in English 0935 GMT 29 Mar 95

[FBIS Transcribed Text] Vientiane, March 29 (KPL)—Five American servicemen, previously listed as unaccounted for in Southeast Asia, have been identified as a group remains consisting of Major John W. Goeglein, USAF, of Colorado Springs, Colorado; Captain Leroy C. Schaneberg, USAF, of Ashton, Illinois; Master Sergeant Paul L. Jenkins, USAF, of McGehee, Arkansas; staff Sergeant Marvin E. Bell, USAF, of Blytheville, Arkansas; and Staff Sergeant Michael F. Dean, USAF, of La Puente, California, according to a press release of the Embassy of the United States of America in Lao P.D.R. [People's Democratic Republic].

The five served as the crew of an HH-53C helicopter which was shot down during a search and rescue mission over Laos on June 30, 1970. No radio or distress transmissions were received. Search and rescue efforts were ended three days later after photographic reconnaissance indicated that the likelihood of the crew's surviving the crash was remote. Their group remains were repatriated in 1993 as a result of a joint U.S.-Lao excavation.

The U.S. Government welcomes and appreciates the cooperation of the Government of Laos that resulted in accounting for these Americans. We hope that such cooperation will bring increased results in the near future. Achieving the fullest possible accounting for Americans listed during the war in Indochina as prisoners of war, missing in action, or killed in action/body not recovered and who remain unaccounted for is of the highest national priority for the American nation.

Philippines

Further on Dispute With PRC Over Spratlys

Government 'Impatient' With PRC

BK2903070295 Manila BUSINESS WORLD in English 27 Mar 95 p 13

[Report by Paul N. Villegas and Sandra S. Aguinaldo]

[FBIS Transcribed Text] The Philippines is getting impatient over China's refusal to vacate Panganiban Reef and has warned Beijing not to complicate the situation by installing structures that are either military or nonmilitary in nature.

As this developed, the Armed Forces of the Philippines (AFP) Western Command (Wescom) yesterday vowed to arrest and detain Chinese fishermen found engaging in illegal fishing inside Philippine waters.

Wescom officials said the military is now ready to confront poachers, particularly Chinese fishermen who have reportedly gone as near as Sabina Reef which is only 60 miles off the coast of Palawan.

"You can expect more arrests in the coming days if they continue to poach inside our territorial waters because we will not tolerate this anymore," one Wescom official said.

Foreign Affairs Undersecretary Rodolfo Severino, Jr., who led the Philippine panel in the recently concluded bilateral talks with China, said the government wants to settle the Panganiban question to avoid tensions from escalating further.

"We have to settle the Mischief Reef (also known as Panganiban Reef) question and deal with it... We made it clear that when both sides vowed not to do anything to complicate the situation, it meant no more (Chinese) facilities will be built in places near us. That was quite clear," Mr. Severino told reporters over the weekend.

Although Beijing declined to make a commitment on Manila's proposal, the two panels narrowed down certain areas of the agreements proposed by the Philippine delegation, including a "code of conduct" in the South China Sea and President Ramos's stewardship concept.

"We tried to narrow a few differences and expanded the areas of agreement to some extent. But for us the Mischief Reef is critical. The talks in Beijing were meant to clarify each other's position," Mr. Severino said.

The Philippines and China earlier figured in a diplomatic squabble when Manila accused Beijing, of building military facilities and sending naval vessels to the Panganiban Reef, located in the Philippine-claimed portion of the Kalayaan Islands.

Philippine Ambassador to China Romualdo Ong denounced Beijing's stance that the structures were built to aid fishermen in that area.

"There are structures built there by somebody else in a piece of land we claim as ours. Even if they are not structures built for military use, that is just of marginal comfort for us," he said.

The Philippine Navy has blown up several maritime markers in the disputed islands. Over the weekend, four Chinese fishing vehicles were boarded after they were found in Philippine waters. Beijing, however, said that Manila's move would not help settle the sovereignty issue over the Reefs.

Both governments failed to reach an agreement during the talks in Beijing last week.

Although the Chinese officials told their Philippine counterparts that the markers were "non-threatening," Mr. Severino said their delegation continued to express concern since "they are very close to us."

"Obviously, there's disagreement between us... They stuck to their lines that these structures were put up by local fishery authorities as wind shelters for the safety of the Chinese fishermen who have been fishing in their territorial fishing grounds. And because these are for humanitarian and civilian use, (Beijing claims) they are non-threatening," Mr. Severino said.

He echoed Mr. Ong's argument on the presence of Chinese maritime markers in the Philippine-claimed area, saying it was the "closest" foreign marker ever set up by a claimant country in a Philippine territory.

"Whatever the nature of those things, they are the closest that anybody has ever been. This was done right after the issuance of the Manila Declaration (on the South China Sea) and after the start of the workshop series sponsored by Indonesia. So we consider that destabilizing. It made the situation more complicated," Mr. Severino declared.

The Philippine Government has proposed several mechanisms to address the sovereignty issue on the disputed Spratly Islands, which are also being claimed by Taiwan, Vietnam, Brunei, and Malaysia.

Mr. Ramos recently put forward the idea of a stewardship concept whereby a claimant country nearest to an island or group of islands in the Spratlys would build the necessary facilities to aid fishermen in that area. He has also proposed cooperative endeavors where the private sectors of claimant countries could venture into profitable projects in the Spratlys such as tourism development and fishing.

Military officials, meanwhile, refused to say if the crackdown on illegal fishing was in response to China's continuing activities near Palawan even as talks failed to produce an agreement on the territorial dispute.

The AFP said 50 crewmen on board the four fishing vessels apprehended inside the 200-mile EEZ [exclusive economic zone] last Saturday will be charged with illegal fishing and violation of wildlife regulations.

The military found five liters of cyanide and illegal fishing paraphernalia, including 15 pieces of dynamite, 18 pieces of detonating materials, two kilos of ammonium nitrate, and 30 yards of time fuses.

The AFP also said the Chinese fishermen were found with seven live turtles, a violation of Philippine wildlife laws. Under the country's marine regulations, marine turtles are considered endangered species and should not be gathered.

The four boats, each about 70 to 80 feet in length, were caught anchored 135 miles west of Tarumpitao, Palawan, and 190 miles from the capital city of Puerto Princesa.

Military officials said the arrest was the effort of the Wescom's "Task Force 41.3" which includes survey ships, patrol craft, oiler vessels, and tankers. The task force is also protected by helicopters and fighter planes.

Reconnaissance and patrol missions are still being sent to cover the country's 200-mile EEZ and latest reports show that two Chinese warships remain in the Philippine waters to guard four permanent structures and fishermen on Panganiban Reef, with five bigger vessels just outside the EEZ.

Military reports said the Wescom has so far succeeded in clearing shoals, reefs, and atolls in the EEZ of Chinese markers and fishermen. Half-Moon Reef, Pennsylvania Reef, Jackson Atoll, and Sabina Reef have been cleared of markers and Chinese fishermen, the Wescom said.

But officials said Navy ships have yet to clear areas near the Reed Bank toward Cuyo Island which is said to be rich in oil and gas deposits.

Defense Chief on Security

BK2803091095 Quezon City DZBB Radyo Bisig Bayan in Tagalog 0800 GMT 28 Mar 95

[FBIS Translated Text] Defense Secretary Renato De Villa today admitted that the intrusion of Chinese vessels in the Kalayaan Group of Islands, which is part of Philippine territory, will greatly affect security of the national livelihood.

According to De Villa, the continued presence of Chinese vessels in the Kalayaan area threatens the stability of the country's livelihood for two reasons. First, De Villa said the rich marine resources of the Philippines are being stolen by the Chinese. Secondly, the government is spending more to intensify security in the disputed area.

Meanwhile, the 62 Chinese fishermen arrested last week in an island west of the Philippines are undergoing interrogation. After entering the country illegally, they were caught by the provincial command on illegal entry headed by Major General Carlos Saliaga, chief of the Western Command.

PRC Demands Release of Fishermen

BK2803103995 Quezon City DZBB Radyo Bisig Bayan in Tagalog 1007 GMT 28 Mar 95

[FBIS Translated Text] China called on the Philippines today to release the 62 Chinese fishermen arrested by the Philippine Navy in Spratly Islands last Sunday [26 March]. According to the Chinese Foreign Ministry spokesman, the Philippine Navy violated the Chinese fishermen's rights when it arrested them for alleged illegal fishing and violation of Philippine environmental laws. The Chinese Foreign Ministry added that it is indisputable that China owns the Spratlys, including Alicia Annie Reef where the Chinese fishermen were caught.

The 62 Chinese fishermen are currently being detained aboard a Navy ship while the authorities continue to investigate their ships and their marine catch in the Spratlys.

Manila Dismisses Demand

BK2903084195 Quezon City DZBB Radyo Bisig Bayan in Tagalog 0800 GMT 29 Mar 95

[FBIS Translated Text] The government has dismissed the note verbale sent by the People's Republic of China asking for the immediate release of the 62 Chinese fishermen arrested by the Western Command.

In this connection, the Department of Foreign Affairs has summoned the Chinese Ambassador to the Philippines Huang Guifang. According to Foreign Affairs Undersecretary Federico Macaranas, Linda Basilio of the Asia-Pacific desk summoned the ambassador.

Earlier, the Chinese Foreign Ministry explained that the arrested Chinese fishermen were just fishing.

In the meantime, the arrested fishermen are still under interrogation at the provincial command after being charged with illegal fishing and entry.

Ramos Rejects PRC Request

BK2903110995 Quezon City ABC-DWET Television in Tagalog 1000 GMT 29 Mar 95

[FBIS Translated Text] The Department of Foreign Affairs [DFA] today summoned the Chinese ambassador to the Philippines to hear a protest of the Chinese intrusion into islands claimed by the Philippines in the Spratlys. According to Foreign Affairs Undersecretary Federico Macaranas, the DFA asked Ambassador Huang Guifang to explain what 62 Chinese fishermen were doing in Philippine territory when they were arrested by the Philippine Navy at Alicia Annie Reef in the Spratlys. The Chinese fishermen are currently being detained in Palawan while the authorities continue to study their case.

In a related report, President Ramos today rejected China's request for the release of the 62 Chinese fishermen. Ramos said it is clear that the Chinese fishermen were caught inside Philippine territory and violated our laws. Ramos also said the fishermen's ships contained more than 80 turtles, an endangered species; 20 liters of cyanide, which poisons marine life; and dynamite used in illegal fishing. According to Ramos, this is enough reason to continue detaining the Chinese fishermen and to file the appropriate charges.

Dispute Takes 'Turn for the Worse'

BK2903104395 Hong Kong AFP in English 0926 GMT 29 Mar 95

[FBIS Transcribed Text] MANILA, March 29 (AFP)—Philippine troops destroyed territorial markers put up by China in the disputed Spratly islands and Manila has rejected Beijing's appeals to free 62 fishermen arrested here last weekend, President Fidel Ramos announced Wednesday.

The twin actions marked a turn for the worse in the brewing bilateral dispute over the South China Sea archipelago, which is considered a regional powderkeg.

The dispute erupted last month with Manila's discovery of what it describes as observation structures on stilts erected by China on Mischief Reef, which is claimed by the Philippines. Manila has said the structures were being guarded by up to eight Chinese vessels, including at least three warships.

Ramos said the Philippine navy "was forced to destroy various structures which were found to be made of metal frames, and remove markers with Chinese characters" on Thomas 1 and Thomas 2 shoals, Half Moon Shoal and Pennsylvania Reef.

Armed forces chief General Arturo Enrile earlier said the Navy dynamited Chinese-made territorial markers on Jackson Atoll, Half Moon Shoal and Sabina Reef.

Ramos said the nearest of these spits was a mere 50 miles (81 kilometers) from the southwestern Philippine island of Palawan "and therefore clearly within Philippine territory."

All seven spits lie between the major Philippine island of Palawan and Pag-asa, one of seven Spratly islands garrisoned by Philippine troops.

The South China Sea archipelago straddles major merchant sea routes and is believed to sit on vast oil and mineral deposits. The islands and waters are claimed in whole or in part by Brunei, China, Malaysia, the Philippines, Taiwan and Vietnam.

As for the arrested Chinese fishermen, Ramos said they were caught with 40 live and 40 dead sea turtles, an internationally protected species, and red and blue corals on Half Moon Shoal on Saturday. They have been detained in the Palawan provincial jail awaiting trial for poaching, illegal possession of explosives and illegal entry.

Cyanide and "several hundred sticks of dynamite and time delay fuses" were found on their four boats, and Manila earlier Wednesday officially briefed the Chinese ambassador Huang Guifang of its actions, he added.

Ramos said the fishermen's activities violated not only Philippine laws but international conventions on the environment, and thus "deserve condemnation by the international community."

The two governments held talks on the Spratlys in Beijing early last week, but no agreements were made.

Ramos said that "to show our sincerity and our desire for a peaceful resolution of the immediate problem of the Panganiban or Mischief Reef, we have not touched anything there."

"The Chinese themselves have brought international attention to their activities in these islets and shoals of the South China Sea by their actions in contributing to the destruction of the environment in the region," the president said.

"If these structures are meant to shelter those kind of fishermen who have no regard for the delicate environment and who only wish to profit from its wanton destruction, then there is more reason for these structures to be removed from Philippine territory."

He said Manila "continues to address the issue through peaceful dialog," and that he was confident that all parties to the dispute will come to "mutual understanding."

Thailand

Cambodia Apologizes for Stray Artillery Damage

BK2903044795 Bangkok BANGKOK POST in English 29 Mar 95 p 7

[FBIS Transcribed Text] Aranyaprathet—Cambodian senior officers have apologised for firing artillery shells into Thailand during a battle with Khmer Rouge guerrillas, citing unskilled gunners as the excuse, according to Maj-Gen [Major-General] Niphon Pharannit, Thailand's Burapha Task Force commander.

Maj-Gen Niphon and other senior officials of the Foreign Ministry and the Thai-Cambodian Coordinating Office (TCCO) yesterday escorted Maj-Gen Duong Sokhon, TCCO chief for the Cambodian side and former commander of the Cambodian Fifth Army Region, to inspect houses damaged by Cambodian artillery fire in Aranyaprathet District, Sa Kaeo Province.

Maj-Gen Duong arrived in Aranyaprathet yesterday after a complaint about Cambodian government gunners firing on Thailand had been conveyed through a telephone conversation to Cambodian Armed Forces Chief-of-Staff Gen Ke Kimyan on Monday.

Gen Ke was quoted as expressing deep sorrow and apologised for the damage while Maj-Gen Duong blamed "green recruits" for firing the artillery shells.

Imprecise fire occurred particularly with B.M. 14 multi-barrel rocket launchers and authorities concerned ordered suspension of the use of the launchers yesterday, Maj-Gen Duong said.

The Cambodian Government would compensate Thai villagers for the damage soon, he said.

Maj-Gen Duong also said he would bring to authorities concerned a Thai proposal that a weapon-free zone should be declared in areas one kilometre away from the Thai-Cambodian border.

Despite a silent atmosphere seen along the border yesterday, fighting is expected to resume as the Cambodian Government continued to pour in more reinforcements from Sisophon to its Ban Nimit fire base, military sources said.

Paper: Burma's SLORC 'Illegitimate Government'

BK2903042195 Bangkok THE NATION in English 28 Mar 95 p A4

[Editorial: "Armed Forces Day: No Reason for SLORC To Be Proud"]

[FBIS Transcribed Text] The soldiers in Burma's military regime, the State Law and Order Restoration Council [SLORC], marched through the streets of Rangoon yesterday, more confident than ever of their political control over the country.

It was the 50th anniversary of Burma's formation of its own national army in the struggle for independence against the British colonizers and the Japanese occupying forces in World War II. However, for the Burmese people today, the sight of the SLORC army is a reminder of the hardships and fear they had to endure for the past 30 years.

Like the people, the international community views the SLORC army as the terrorizing force of a military regime that has its own agenda for Burma. At the prodding of the West, a series of steps were initiated to engage the democratic opposition, including talks with detained National League for Democracy [NLD] leader, Aung San Suu Kyi. These talks have now stalled, leaving Western efforts for democratic efforts and the respect of human rights in disarray.

The continued suppression of political dissent is Burma's most crippling hallmark. Opposition remains, especially among those who were elected in the 1990 polls, which were never recognized by the military junta. Any attempt to organize or protest is squashed. The release of two senior members of the NLD has been widely welcomed but they were warned by SLORC to avoid politics.

Observers say the SLORC forces are now stronger and more confident than ever, while the organized opposition is very subdued. Burma's generals insist that they are moving towards democracy and respect for human rights, but have made it known that they would do it in their own way.

The writing on the wall is however clear. Unless and until the SLORC's claims to power are protected in the new constitution, to be promulgated by the junta-controlled National Assembly, all dissent will be put down ruthlessly.

Tough talking and threats of Western action might help to encourage reform in Burma, but with so much support especially from Asean and China, the Burmese generals now seem firmly entrenched in power.

Asean's stultifying silence in the face of a morass of human rights violation in Burma, including rape, torture, and slavery whereby the SLORC compel people to work under appalling conditions as forced labour, is manifestly wrong and contradicts international public opinion.

As we have constantly pointed out Asean can make the difference in Burma and is in a position to make the SLORC generals less monstrous. The recent signing of a gas agreement between Thailand, the architect of Asean's "constructive engagement policy", and Burma is a case in point. Thailand undertook to buy volumes of gas from the Gulf of Martaban in Burma and the huge sums of money Bangkok will pay for it, will without doubt land in SLORC's hands to be used at the generals' discretion.

That discretion will include further suppression of the pro-democracy movement by military means, more attacks on the ethnic minorities along the Thai-Burma border who are waging a struggle for self-determination and more purchases of weapons from China. In the name of preserving the "Burmese Union", we have witnessed recently how the Karens were brutally crushed by the SLORC forces.

Policy-makers in Thailand and other Asean states are still reluctant to use constructive engagement as a means to force the Burmese military junta to institute democratic reforms. Instead, constructive engagement with the SLORC, is just viewed in the context of raking in profits and enticing the Burmese to sell off all their precious resources, with a promise that the pariah junta will be included in the regional grouping.

The "internal affairs" excuse often used by Asean in the face of gross human rights abuses carried out by governments in the region against their own people, is indeed a bankrupt argument. Human rights violations cannot be categorized as merely domestic issues; rather they are issues of international concern. The various resolutions on Burma in the United Nations confirm this, and Asean states including Thailand, who are members of this respectable world body, have an obligation to respect them.

In the next few days, the SLORC will be launching an offensive along the Thai-Burma border against the Muang Tai Army of the Shans, boosted by their success against the Karens with newly purchased arms from China.

Under such circumstances, the SLORC will be a security threat to Thailand, when it causes tens of thousands of refugees to cross the border onto Thai soil.

The SLORC had nothing to be proud of yesterday in the open public display of its troops marching with Chinese arms.

As long as Aung San Suu Kyi and all other political prisoners remain imprisoned; democracy is denied to the Burmese people; and torture is still prevalent in the country, the junta will be regarded as an illegitimate government in the eyes of the international community.

Karen Leaders Order Halt to Military Operations

BK2903040095 Bangkok THE NATION in English 29 Mar 95 p A2

[Report by Yindi Loetcharoenchok]

[FBIS Transcribed Text] Mae Sai, Chiang Rai—Karen guerrilla leader Gen Bo Mya has ordered his frontline troops to cease all military operations against the Burmese Army, except in cases of self-defence.

The unilateral ceasefire order, which was issued on March 24 by Bo Mya, as defence minister of the Karen National Union (KNU), became effective the next day and was meant to test the Burmese junta's reaction as to whether both sides could enter into a peace dialogue.

KNU officials said in separate interviews yesterday that the unilateral ceasefire would take effect in all KNU-controlled territory, including the 4th and 6th brigades, the border strip along the coastal Tenessarim peninsula.

The officials, who asked not be named, said the order came from Bo Mya, who stepped down about two weeks ago as KNU commander-in-chief. Although Bo Mya has been replaced by Lt Gen Tamala Baw, he still holds the defence minister's post and the KNU presidency.

The order instructed all KNU troops "not to launch any military operations or attacks against Burmese military outposts", said one official.

The KNU forces, however, "can defend themselves if their military positions are compromised", he added.

The official said the ceasefire was to test the reaction and response of the Burmese junta, known as the State Law and Order Restoration Council (Slorc), towards the KNU initiative and whether both sides could engage in peace talks.

Accusing the KNU of being intransigent towards peace negotiations, Slorc had in December broken its unilateral ceasefire against the ethnic guerrillas and launched massive military attacks which resulted in the capture of the KNU headquarters at Manerplaw and Kawmura, another strategic stronghold.

Slorc, which was accused of creating a split within the KNU, which resulted in the birth of a breakaway Buddhist Karen faction, has defied the guerrillas and an international outcry against its operations and said it was determined to wipe out the KNU by force.

KNU officials said his group has never rejected the idea of peace talks and that it was Slorc which had curtailed the first meeting, scheduled for late last year, by starting the offensive against Manerplaw.

The officials said the KNU and Gen Bo Mya welcomed the offer of Thai Prime Minister Chuan Likphai to mediate peace talks between the two sides.

Meanwhile, the recent attacks by Burmese troops against Karen rebels have affected tourism and car rental businesses along the Thai-Burmese border in the province.

Wirun Khamphilai, managing director of Northern Star Group Ltd, said yesterday the company has indefinitely cancelled its tour programmes to Keng Tung and Chiang Rung due to the fighting. But he believed business would return to normal soon.

He said if the fighting continued, the joint economic cooperation between Thailand, Laos, Burma and China would be greatly affected.

Narong Iamsa-at, assistant manager of Fareast North Tour, said car rentals in the province have been aversely affected by the continuous conflict. He said most tour companies had encouraged tourists to avoid travelling to the province due to concern for their safety.

He expected the situation to be back to normal within two or three months.

Austrian Delegation Signs Business Contracts

AU2703185595 Vienna DIE PRESSE in German 25 Mar 95 p 25

[Report by Gerhard Bitzan: "Austria Attributes Great Significance To Relations With Thailand"]

[FBIS Translated Text] Bangkok—"We must focus on the emerging markets in southeastern Asia to a greater extent and strengthen the awareness of Asia in Austria," Transportation Minister Klima stressed in Bangkok. Klima also drew up a positive balance sheet of economic relations between Austria and Thailand: Austrian companies have signed orders worth 750 million schillings within the past three months. In addition, negotiations on more orders involving a total of 3.6 billion schillings are under way, the minister stated.

Railroad Cooperation

Referring to specific projects, Klima mentioned an agreement on railroad cooperation aimed at making it possible for Austria's entire railroad industry to gain access to the expanding Thai program. Since Thailand wants to double its approximately 3,000-km railroad network, good opportunities exist.

Among the projects negotiated in Bangkok during the two-day visit by the Austrian delegation including President Klestil, Foreign Minister Mock, Klima, and numerous businessmen, is a follow-up order (300 million schillings) for the EMCO-Maier company covering the delivery of more training machines for metal processing.

Big Hopes

Also, a study on a compact metallurgical works, which also includes a corex plant, was submitted. It is now being examined by the Thai authorities. In the event of a positive outcome of the talks, the order for the construction of the corex plant, worth approximately 2 billion schillings, would be granted to the nationalized Voest-Alpine Industrieanlagenbau company. A syndicate of firms including Steyr-Daimler Puch, Liebherr, and Rosenbauer is trying to win a large order worth 1.3 billion schillings. Construction machines and all-wheel vehicles for the army are also under discussion.

Nan, Lao's Sayaboury To Open More Border Points

BK2903052095 Bangkok MATICHON in Thai 28 Mar 95 p 18

[FBIS Translated Text] According to a correspondent's report from Nan Province, the Thai-Lao border peacekeeping committees of Thailand's Nan Province and Lao People's Democratic Republic's Sayaboury Province recently held a joint meeting to discuss issues concerning bilateral relations at the provincial administration office in Sayaboury. The meeting was jointly chaired by Sutcharit Nanthamontri, provincial governor of Nan, and Bounheuang Douangphachan, provincial governor of Sayaboury.

The Thai governor reported that in the meeting several interesting agreements were reached, such as the expansion of the border pass for Thai and Lao people to cross the Huai Kon-Nam Ngeun permanent border checkpoint. Previously, the Nan and Laos Sianghon-Hongsa special zone allowed Thai people to travel through the border to Hongsa District. Now, the travel zone for Thais has been expanded to Sayaboury, while Lao people can travel to Nan without using a passport.

The entry fee at the Huai Kon-Nam Ngeun has been adjusted from 10 baht to 50 baht per head per trip while the entry fee for crosssing other temporary border checkpoints or traditional crossing points will remain 10 baht per head per trip. Other fees are subject to the laws of each side. The new agreements will further facilitate Thai investment in Sayaboury, the Thai governor said.

Apart from that, the Provinces of Nan and Sayaboury also agreed to open two more temporary border checkpoints. The first is at Ban Sapi Pass, Sayaboury Province, situated opposite Ban Piang So, Bo Klua Subdistrict. The other point is at Ban Sop Mang, Bo Klua Subdistrict, which is opposite Phiang District, Sayaboury Province. The governments of the two countries will be informed later of the decision to open these two checkpoints, which will be further upgraded to become permanent checkpoints in the future. The Sop Mang temporary checkpoint will serve as the most convenient short cut to Luang Prabang. One can travel from the border village Ban Sop Mang, Bo Klua Subdistrict, to Phiang District on a temporary road on a distance of only 6 kilometers; from Phiang District to Sayaboury on asphalt road 30 kilometers; cross the Mekong River and travel on a temporary dirt road 108 kilometers to Luang Prabang.

After a survey of the routes and talks with Luang Prabang provincial governor, Laos has indicated interest in developing the route from Ban Sop Mang as a gateway to Luang Prabang because it is easier to promote tourism to Luang Prabang through this route than the others. Moreover, there is also effort to grant privileges to those wishing to travel from Nan Province to Luang Prabang by using only the border pass. The issue will be discussed later in detail to finalize it.

Vietnam

Visiting Austrian President Holds News Briefing

BK2903012095 Hanoi Voice of Vietnam in English 1000 GMT 27 Mar 95

[FBIS Transcribed Text] Austrian President Thomas Klestil has had a press conference in Hanoi Monday morning before ending his official visit to Vietnam. The president expressed his delight to visit Vietnam. He said:

[Begin Thomas Klestil recording in German, fading into English translation] This is the first visit by the President of the Republic of Austria and the event has opened a new stage in bilateral relations. During my visit to Vietnam, I have a deep impression on renovation in Vietnam. This (?cause a) signal to a period of taking off of Vietnam. Therefore, this was a suitable visit for me. [end recording]

He said Austria attached a great importance to relations with Vietnam. [Words indistinct] a small industrialized countries in Europe, Austria has a highly developed industry. Austria produces all its capacity and tries to contribute to economic development of Vietnam and was ready to share necessary experience in the fields in which it has great potential, such as metallurgy, machine manufacturing, transportation, energy, and environment protection.

He said his country would like to have long-term cooperative relations with Vietnam and said Austria would open an embassy in Hanoi in early 1996.

The Austrian minister of economics and transport, Mr. Viktor Klima, who accompanied the Austrian president on the visit, who shared the views of his president and said:

[Begin Klima recording in German, fading into English translation] In the near future, Austria and Vietnam will sign agreement on railways and agreement on aviation and cooperation in public health. Austria also invited Vietnam to do three research projects in metallurgy, tourism development, and manufacturing. Austrian companies are ready to set up production establishments in Vietnam and will take part in upgrading a trans-Vietnam railway from the Chinese border to Ho Chi Minh City. Austrian production units are also ready to invite Vietnam's experts to come for study and research in some key economic sectors of Austria. [end recording]

Asked by newsmen on Austria's official assistance to Vietnam, President Klestil said Austria had granted Vietnam the status of reduction arrears of 50 percent, and it would give Vietnam aid to implement the project. He said despite the geographical distance Vietnam was widely known by Austrians. Austrian people knew the suffering, the decades of war and destruction Vietnamese people have suffered. This tragedy could not be erased in the mankind's history. For this reason, Austria wanted to help Vietnam build and develop its country to bring a prosperous and happy life to all the Vietnamese people.

Stiffer Term for Policeman Convicted of Murder

BK2803122195 Hong Kong AFP in English 1136 GMT 28 Mar 95

[FBIS Transcribed Text] HANOI, March 28 (AFP)—A Vietnamese court has toughened the punishment handed down to a rogue policemen who killed two men while drunk, stiffening his sentence from 16 years to life, a report said Tuesday.

Nguyen Son Thanh, a police captain and head of guard division in southern Long An province, was originally sentenced to 16 years in jail for killing two men after a long motorbike chase, the Thanh Nien newspaper reported. But at a second trial, the Supreme Court sentenced Thanh to life imprisonment for the crime, committed in August 1993. The policemen reportedly shot the two men in their necks after a chase. No other details of the crime were available.

Thanh is the second policeman to face retrial after public outrage over police killings. Hanoi traffic cop Nguyen Tung Duong was executed earlier this month after being sentenced to death at his second trial for killing a young courier.

Duong's case provoked protests in Hanoi after he was initially freed after a first trial that was surrounded by allegation of corruption. Following an investigation by the military, he was retried and found guilty.

The cases have highlighted efforts to get tough with rogue policemen, who are a common cause for complaint among Vietnamese tired with corruption and abuses of power.

Company Workers Strike for Better Conditions

BK2903015895 Hanoi VIETNAM INVESTMENT REVIEW in English 6-12 Mar 95 p 8

[Report by Trinh Thi]

[FBIS Transcribed Text] More than 700 hundred employees of a 100 percent foreign-invested company in Ho Chi Minh City walked out for a day last week, demanding employers improve working conditions, the Lao Dong newspaper reported.

All 722 workers of the Workshop No. 1 of the Mountech Company (80 percent German-owned, 20 percent Korean) stopped work on February 27.

The workers said in the petition to the Tan Binh Labor Union that they have been working for months under an "extremely strict working regime." The workers' complaint detailed the lack of toilet facilities and sick leave as major concerns. In addition, some pregnant workers had not been permitted maternity leave, according to the complaint. "Foreign employers have demonstrated authoritative behavior, often abusing the workers. Lunches are lacking in basic nutrition and medical services are bad," the complaint added.

Soon after the walk out, representatives of the Tan Binh Labor Union had a meeting with the company's management board to negotiate.

Dao Duy Nhi, Deputy Director of Mountech, promised that a new labor agreement would be made to ensure that Vietnam's labor regulations on sick leave, medical care, and allowing workers to go to toilet would be adhered to.

Representatives from the Tan Binh Labor Union promised that a new labor union executive committee would be elected after March, this year. In the afternoon of the same day, workers returned to work.

Government To Issue Bonds for Investment

BK2903042995 Hanoi VIETNAM INVESTMENT REVIEW in English 6-12 Mar 95 p 9

[FBIS Transcribed Text] Deputy Prime Minister Phan Van Khai last week said the Government hopes to issue US$300 to US$400 million in bonds for investment despite urgings by the Ministry of Finance and State Bank to steer clear of the currently unstable currency markets.

Khai, who was speaking at a meeting of leading bankers, said the Government wanted to encourage diversification in all forms of capital mobilization, including issuing overseas bonds, according to a report in the Tuoi Tre [Youth] newspaper.

The paper said that State Bank Governor Cao Si Kiem plans to assign a commercial bank to implement the project, but did not reveal how Kiem will select the appropriate bank for the issue.

The Treasury Department of the Finance Ministry refused to comment on Khai's speech, saying that details have yet been decided and the plan still had to be considered by the government.

Previously, the State Bank has maintained that issuing overseas bonds would be nothing more than an experiment and that Vietnam should look to make small gains rather than lay big stakes in the high-risk currency game.

Import-Export Turnover in 1st Quarter Increases

BK2903134595 Hanoi VNA in English 1309 GMT 28 Mar 95

[FBIS Transcribed Text] Hanoi VNA March 28—Export turnover in the first quarter this year is expected at about USD 940 million, up by 44 per cent compare with the same period last year while imports increased by 11 per cent, valued at USD 960 million, the Ministry of Trade said.

Under a circular issued recently by the Ministry of Trade, since April 1st, only the exportation of garments to the European Union, Canada and Norway markets will be allowed through quota control in accordance with trade agreements signed with these countries.

Textile and garments exportation to other markets is encouraged and free. Rice export and seven other import items, namely petrol, steel, cement, fertilizer, sugar, small car (less than 12 seats) and motor bikes are still controlled through quotas allocated by the government.

In terms of commodity importation, the circular stated that its total value must be less than 20 per cent of the total export earnings for this year estimated at USD 4.5 billion.

TAP CHI CONG SAN

* TAP CHI CONG SAN for January 1995

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The Authorities and Mass Agitation Tasks

953E0012B Hanoi TAP CHI CONG SAN in Vietnamese Jan 95 pp 8-11

[Article by Nguyen Khanh, member of the CPV Central Committee and deputy premier]

[FBIS Translated Text] How the administrative organizations carry out mass agitation tasks has not really been studied very much. The most important element of the administration's mass activities is the study and promulgation of policies and mechanisms, which is manifested in the form of laws, orders, resolutions, decisions, and directives by the National Assembly, the Standing Committee of the National Assembly, the president, the government, the premier, the ministries, and the judicial organizations such as the organs of control, the courts, and the local administrative organizations. Those party members who are assigned administrative tasks must strive to ensure that the specific policies of the administration correctly manifest the guiding lines, positions, and views of the party. These must be in line with the real situation, and it must be possible to actually implement these policies, because these specific policies have a direct effect on the lives of the people and on the views, feelings, and actions of the people. Today, the government and the authorities in the various sectors and party echelons are striving to improve the work in order to improve research capabilities concerning policies and mechanisms. Those organizations responsible for conducting economic and social research must be strengthened and their standards must be elevated so that they can do a better job in studying the problems concerning policies and mechanisms in the new situation.

In general, state laws and legal documents originate from the lines, policies, and specific directives of the party. We know that if the laws correctly manifest the ideas lines, and policies of the party and the party provides leadership before the state passes and promulgates laws, implementing state laws will actually mean implementing the lines and policies of the party. The strength and effect of the policies and laws is in their ability to mobilize and spiritually stimulate the people and create the legal conditions necessary for the people to operate in the various spheres of social life. Every task in society is done by the people. The state organizations cannot do the tasks in their place. But what the people need are policies and mechanisms. The economic renovation policies have led to major changes concerning our country's economy. The policies on cultural and educational renovation are generating new growth in these spheres. The foreign affairs policies have improved our country's position in the international arena. These correct policies have solidified the people's confidence in the leadership of the party and the management of the state and generated enthusiasm among the people and in the various circles, sectors, and regions. Thus, formulating, promulgating, and guiding the implementation of the state's policies and mechanisms is one of the administration's mass agitation methods.

When studying policies, the administrative organizations must try to get the mass organizations and specialists in the various spheres to participate. Our political and social mass organizations have a responsibility and the ability to participate and contribute their strength to the administration in studying the policies. In recent years, more and more mass organizations have started participating in this work, but they have not done so regularly. Policies often concern complex economic and social problems. To participate effectively, the organizations must adhere to the lines, understand the laws, have research standards, and study the real situation instead of simply contributing ideas. Those in charge of administrative organizations in a number of central and local organizations have not actively sought the ideas of the mass organizations concerning the major polices and positions.

Once good policies have been promulgated, the administrative organizations must organize the implementation of the policies and quickly and correctly handle those matters directly related to the people. The administrative organizations must carry out the tasks in a thoughtful and effective manner and maintain good quality. Only in this way will it be possible to implement the policies in daily life and achieve real results. Simply having good policies does not mean that good results will be achieved. Those organizations—such as public security, tax, customs, banking, financial, labor, war invalid, and social affairs, investigation, public health, and educational organizations—that have a direct relationship with the people must carry out the assigned tasks well in order to retain the trust of the people. People always evaluate the purity and effectiveness of the administration through specific tasks. Through specific tasks, people will gain sympathy for, thank, and gain greater confidence in the party and administration, or they will lose their sympathy for, express their disgust, and lose their confidence in the party and administration. If an administrative organization does not do a good job in carrying out a task, that can affect the people's attitude toward the leadership of the party and the management of the state. This shows that having the administrative organizations carry out the daily tasks well is an effective mass agitation method. It must be admitted that there are still many administrative organizations that are not carrying out the tasks well. They hold many meetings and create much "paper," but the work is carried out slowly. And in many cases, things are not handled correctly.

The prestige that the administrative organizations enjoy among the people is manifested through the attitudes, behaviors, and work standards of the cadres and civil servants. People look at the attitudes and work capabilities of the cadres and civil servants to evaluate the management and control capabilities of the administration. How should civil servants and state cadres work and what should be their concept of responsibility, work spirit, and work style? Two years ago, the premier issued a directive requiring civil servants to conduct themselves in a serious manner when at their offices. They cannot wear sandals and tattered clothing at work. The offices must be clean and neat. State organizations must ensure that work schedules are adhered to as stipulated. These things should not be viewed as forms but as manifestations of the seriousness of the state organizations and civil servants.

The attitude of state cadres, from the premier to those cadres who meet people and answer the telephone and those on duty at the organizations, directly affect the feelings of the people. It can be said that this is mass agitation through reality and work that produces very good results, or very bad results. Thus, the administrative organizations must educate and train their cadres and employees, instill in them a concept of serving the people and an attitude of respecting the people, and teach them how to act in their relationship with the people. The people demand that cadres and civil servants be skilled in the jobs and do their work correctly and quickly. If cadres and civil servants display a bureaucratic and authoritarian attitude, a work spirit of carelessness, a fear of difficulties, and a spirit of not daring to handle the tasks within their jurisdiction and show that their capabilities are limited, which could result in things being done incorrectly or slowly, the people will lose confidence or even become indignant. The people's confidence in the administrative organizations has occasionally declined because of these things. That is, they have seen the administrative organizations and cadres do things incorrectly and display a bad attitude.

In order to increase the effectiveness of the authorities and increase the people's confidence in the state organizations, the state management apparatus must be solidified, the quality of the ranks of cadres and civil servants must be improved, and administration must be reformed. The party advocated administrative reform several years ago. A number of steps have been taken and a number of things have been done, but this must be carried on for many years along with building a regular and scientific state apparatus of the people, by the people, and for the people. This year, the government decided that the break-through element concerning administrative reform is reform of the administrative procedures, which means that the regulations of the government, ministries, and local people's committees must be revised and supplemented in order to handle the affairs of the people and handle the relationships between the various administrative organizations quickly and in accord with the policies in ways that do not pose problems for the people or for each other. The government has selected a number of things that must be done immediately in order to revise the administrative procedures. This includes such issues as land and housing, exports and imports, immigration and emigration, the establishment and registration of enterprises, investment cooperation with other countries, and complaints and charges by citizens.

The government is emphasizing revising those procedures related to the lives and work of the people. In this, one of the very difficult things is dealing with the complaints of the people. To date, neither central nor local organizations have found a really good way to deal with the stagnation and sluggishness regarding this problem. Complaints filed at the primary level continue to pile up at the central echelon. Countless disputes over land and housing and complaints concerning discipline and the implementation of specific policies in the villages and subwards and at the organizations and units have been sent to the National Assembly and government. People's committees at all echelons must deal with those issues that are within their jurisdiction. Only those issues that are beyond their jurisdiction should be sent to higher echelons. And when they are sent to a higher echelon, the localities must make specific proposals on how to deal with the issues.

The authorities are also carrying on propaganda and mass agitation work by using the mass media and by carrying on publishing and cultural and arts activities. These are sharp and effective forces for disseminating and propagating the policies and positions of the party and state widely and quickly. There is no faster way of informing the people of the party's and state's policies and positions that by using radio and television. Today, our radio and television programs are broadcast using satellites. The mass media tools are developing very rapidly on the technological front. Newspapers and magazines, books, culture, and arts and letters are the tools used by the party and state in the struggle on the ideological and cultural fronts. This is a branch that the party committee echelons must grasp and lead directly with respect to contents. The administrative organizations must control things and enable these tools to develop quickly and improve quality with respect to contents and form.

Another method used by the administration to carry on mass agitation is to coordinate and link the activities of the administrative organizations with those of the mass organizations. The work policies of the state are all related to the people. Therefore, there must be coordination between the administration and the mass organizations so that they can work together and implement things based on their functions under the leadership of the party. The Mass Agitation Department of the party is responsible for helping the committee echelons monitor and organize things to coordinate things between the administration and the mass organizations and ensure that both sides take the initiative and strive to coordinate things with each other. Reality shows that in order to implement the lines and policies of the party well, if only the administration takes action, it will not be possible to achieve good results. The mass organizations, from the central echelon to the primary level, particularly those at the primary level, must participate, too.

It should never be thought that the complex economic and social tasks can be carried out simply by promulgating resolutions and directives and authorizing a number of expenditures from the budget. The fact is, propaganda and mobilization activities must be carried on both broadly and intensively in order to reach each circle, family, and primary-level collective. Thus, the cooperation and joint efforts of the mass organizations and authorities is a requirement that stems from reality if we are to implement the policies and positions of the party and state. As for the mass organizations, they must cooperate with the authorities in order to solve the important problems in the localities and to create the conditions to manifest the role of the mass organizations in educating and mobilizing youth union and association members.

It should not be thought that the theme of coordinating things between the administration and the mass organizations is one of having the administration aid the mass organizations. Naturally, administrative organizations have a responsibility to help the mass organizations with respect to financial conditions and material means so that they can carry on activities. But that is not the primary theme of the relationship between the administration and the mass organizations. Coordinating things with the mass organizations is a requirement of the administration in order to effectively carry out the state management tasks. Stated another way, through their broad mass mobilization activities, the mass organizations can help the administration deal with the economic and socials management tasks. There are many forms of coordination that can be used depending on the local situation and the requirements of each type of task. Three years ago, the premier issued Decision 163 requiring the local people's committees to coordinate things with the Women's Association in order to carry out the important tasks in the localities. The administrative organizations must implement this directive, and each year they must review things to see what steps the people's committees have taken to coordinate things with the provincial and district women's associations. Regulations have also been promulgated regarding coordinating things with the trade unions. The government has established a number of inter-sector committees. This includes mass organization representatives. This is a form for coordinating things on a regular basis in order to advise the government or help the government guide things in carrying out the important tasks. An example is the Vietnam International Year of the Family Guidance Committee. The United Nations feels that in many countries, economic growth has had adverse social effects and that family relationships have deteriorated. Thus, it has called on countries to revive family activities. In our country, the party and state are aware of this problem. The market mechanism is having a powerful effect on Vietnamese families. At a number of scientific seminars, many people have said that in many places the educational role of the family has declined. Many parents don't want their children to attend school, and they give little attention to the education of their children. Some families spoil their children and let them do as they want. Many families are disfunctional, and the number of divorces has increased. Many of the complicated affairs of families have affected children and youths. This is one of the causes of social evils. Thus, to prevent and control social evils, to educate the youths and children well, and to maintain a wholesome society, families must be mobilized. The administration cannot do this by itself. This is the common task of both the administration and the mass organizations. Thus, the International Year of the Family Guidance Committee, which consists of representatives from the Vietnam Fatherland Front, the Women's Union, the Youth Union, the General Labor Union, and the Peasants Association and representatives from a number of state organizations, has held meetings to discuss the issue of spreading propaganda and mobilizing Vietnamese families.

The contents of the mass agitation work of the party is quite varied, and the forces engaged in this work are very large. Mass agitation is not the work just of the party's mass agitation committees and mass organizations. It is the common task of all organizations in the political system led by the party. Those who work in the administrative apparatus must clearly see their responsibilities concerning mass agitation and the mass agitation contents of the administration, because administrative activities affect the daily lives of the people. Each element of the work of the authorities must be improved in order have effective management, achieve good results, and really have a good effect on the thinking and on the material and cultural lives of the people.

Youths Today

953E0012C Hanoi TAP CHI CONG SAN in Vietnamese Jan 95 pp 35-37

[Article by Doan Nam Dan, research cadre at the Marxist-Leninist and Ho Chi Minh Thought Research Institute]

[FBIS Translated Excerpt] Our country's youths have inherited a very valuable revolutionary fortune. They have grown up in a free and independent country that is completely free from the influence of slave education, which was not the case for previous generations.

Youths of the 1990's are very sensitive to and have responded to the renovation work of the party. They are very concerned about the plight of a nation that has a tradition of building and safeguarding the country but that is very poor and backward. They know that because of the shame of having lost the country, their fathers and grandfathers rose up, launched the August Revolution, and founded the Democratic Republic of Vietnam. And because of the shame of poverty, they must strive to develop Vietnam economically and socially in order to have a prosperous people, strong country, and just and civilized society.

However, in recent years a number of very worrisome manifestations have arisen among youths:

Many youth union members are not participating in the activities of the union organizations. The communist youth union is no longer attractive to youths. Among these youths, socialist ideals are gradually fading, and they do not fully understand the leadership of the party. The desire of youths to join the party differs by target, but in general, many youths have no desire to join the party. A report by the Executive Committee of the Hanoi Municipal Ho Chi Minh Communist Youth Union states: prior to 1986, more than half of the people recruited into the party were youths. By 1988, this figure had dropped to 44.5 percent. And in 1989, 1990, and 1991, the figures were 40.5 percent, 40 percent, and 38 percent respectively. In some zones and at some units, very few (10-15 percent) youths have voluntarily striven to join the party. In some places, almost none of the youths have thought about striving to join the party. Since 1993, the number of youths in the country recruited into the party has increased, but as compared with the total number of party members, the percentage of youths recruited is very small.

A job is the leading concern of youths today. A social survey shows that 73.2 percent of our youths are worried about finding a job and having an occupation. The profession than youths are interested in the most is commerce, which was chosen by 30 percent of the respondents out of the 18 professions mentioned. Only 20 percent of the youths were interested in industrial production activities, and only 12.4 percent expressed an interest in scientific research.

In education, because little money has been invested and because the standard of living of some people is very low, illiteracy among youths and children is increasing. Today, nationwide, more than 2.6 million people between the ages of 6 and 29 are illiterate.

Education in our country lacks the necessary conditions to modernize. Our educational contents and methods are loose and have failed to keep pace with the rapid changes in life. Above all, jobs are scarce. Because of this, youths are not deeply interested in studying. Thus, at the general schools, the number of students held back in the same grade for another year and the number of drop-outs is increasing. In the 1993-1994 school year, the percentage of drop-outs in Level-I was 9.24 percent, and at levels II and III the percentages were 17.3 and 12.3 percent respectively. On average, only 50 percent of our students complete Grade 5. But the average for this region is 83 percent, and worldwide the average is 68 percent.

During the past several decades, few ethnic minority youths and children have completed their studies. Many youths and children are illiterate. Only a very small percentage of students attend a college, higher school, middle school, or vocational school. The percentage of members of ethnic minorities with a college education is as follows: Hmong, 0.009 percent; Dao, 0.03 percent; Thai, 0.40 percent; Muong, 0.1 percent; Nung, 0.1 percent, and Tay, 0.4 percent.

Another weakness of our youths is that they lack general vocational training, and their skills are poor. Young laborers have not manifested their strengths on the production front. Of the 30 million laborers, approximately 80 percent have not had any vocational training, and most of these are youths. About 67.4 percent of our youths have not been able to find a job, primarily because of their lack of skills. The number of untrained female youths exceeds the number of untrained male youths, particularly in the rural areas. Recently, a number of data have shown that 16 million female laborers in the rural areas lack technical expertise. At the state enterprises, of the 1.2 million workers, only about 50 percent have received training at vocational schools. The others have been selected in various ways without having to pass a skills test. The present allocation of skill grades is as follows: grades 1 and 2, 57.56 percent; grades 3 and 4, 38.47 percent; and grades 5-7, 3.9 percent. Most young workers are in grades 1, 2 or 3.

In recent years, college education here has expanded slowly. Because of this, we lack the intellectual potential to satisfy the requirements of industrial and technical development based on the guideline of industrializing and modernizing the country. In Vietnam today, there are only about 260 college students per 100,000 people.

At the beginning of the 1980's, the number in the Philippines was 2,642, in South Korea the number was 2,400, and in Thailand the number was 2,140. Our system of colleges and higher schools consists of 105 schools with approximately 120,000 students. The quality of the students who graduate is very limited. Very few scientific cadres have graduate degrees: 5.2 percent. Of these, very few are youths. Seventy percent of our scientific cadres are above the age of 45; only 30 percent are below the age of 45.

Because of the poor material living conditions and the fact that not enough has been invested in maintaining people's health, the physical development of our youths and children is very worrisome. For many years, a number of norms such as the weight and height of girls and boys have not increased. The average height and weight of boys in our country is 147 cm and 34.4 kg. But in Thailand, the figures are 149 cm and 40.5 kg, and in Japan the figures are 164 cm and 53.5 kg. Poor nutrition among new-born infants and illness among the youths and children of our country are on the rise. Approximately 42 percent of our children lack proper nutrition. The figures for this region and the world are 26 and 36 percent respectively.

Approximately 0.4-2.1 percent of children below the age of 15 are mentally retarded, and 47 percent of general primary school students and 40 percent of general middle school students have spinal deformities. Physically, 25 percent of the students are above average, 50 percent are average, and 25 percent are below average. Each year, 38.8 percent of the college students come down with common illnesses, and 4.1 to 5.9 percent of the students at non-technical schools are in poor physical condition.

More and more youths are turning to religion. The number of youths performing ceremonies at Buddhist temples and attending services at churches is increasing.

Another thing that is very worrisome is that a large number of youths and children are leading idle lives, taking drugs, gambling, stealing, and violating the law. Surveys conducted in a number of districts in An Giang Province and a number of other localities in the Mekong Delta show that 50 percent of the youths like to drink in their spare time, 30 percent like to sit at coffee houses drinking coffee, 10 percent like to "hang out" and talk, and 6 percent like to go to bed early. Only 4 percent like to study.

Training and educating youths is a very important strategic task. Present Ho Chi Minh taught: 10-year interests require growing trees; 100-year interests require cultivating people. We must cultivate those generations that will carry on the revolution so that they are loyal and worthy, are ethical, and have the skills to actively contribute to building and defending the country. This is the task of the entire party and all the people. It is the task of the state, the mass organizations, every echelon and sector, each family and school, and every collective formed in the environment and the spheres of social activities. Above all, this is the task of the Ho Chi Minh Communist Youth Union, which the party has made directly responsible for training, educating, and organizing youths and children throughout the country. However, this task requires the close cooperation of all organizations, with the Ho Chi Minh Communist Youth Union serving as the activist under the leader of the Communist Party of Vietnam. Without close cooperation among the organizations in training and educating youths, it will be difficult to achieve results, or the results achieved will be very limited.

Educating youths is a science. Attitudes of simplicity, shallowness, and arbitrariness can have bad consequences. Thus, coordinating the existing experiences with the new achievements of science and coordinating things between the cadres who are guiding the youth movement and scientists who specialize in studying youths is essential.

Involving youths in revolutionary action movements is a concrete and practical way to educate and train youths. The movements must be maintained regularly and have practical themes. These should not exist in form only or be "nonsensical." In involving youths in revolutionary action, a spirit of enthusiasm and vitality, which are very valuable characteristics of youths, must be maintained.

In the present situation, an important and basic solution is to quickly disseminate Level-I education to youths and children in order to equip people with the minimum intellectual standards, eliminate illiteracy, and gradually disseminate general middle education to youths.

There must be policies to discover and foster talents and train gifted people and enable youths to complete their studies through a system of special schools. Scientists and excellent technical cadres must be made responsible for training gifted youths.

An effort must be made to create jobs and popularize occupations among youths so that youths are not left jobless and without good skills.

Conditions must be created to enable youths to study and work abroad in order to raise their scientific and technical standards. The doors of the colleges in the country must be opened wider, and attention must be given to the quality of the training.

The education, training, and use of tribal youths must be strengthened in order to accelerate the development of the ethnic minorities and ensure equality among the nationalities.

Attention must be given to physical education and physical development, and health must be strengthened in order to improve the race.

Attention must be given to controlling youths right in the family and in the schools and social organizations. Purely administrative management viewpoints that neglect the feelings and wishes of youths in work, study, and recreation must be overcome. [passage omitted]

Conference on Resolving the Accusations Made Against Party Members Who Are Party Committee Management Cadres

953E0012D Hanoi TAP CHI CONG SAN in Vietnamese Jan 95 pp 60, 61

[Article by Vu Lan]

[FBIS Translated Text] On 22 and 23 November 1994 in Ninh Binh, the CPV Central Control Committee held a meeting on dealing with the complaints filed against party members who serve as cadres on various-echelon management committees in the provinces and cities in the Red River Delta and former Zone 4 (Zone III). Those attending the meeting included the leaders of the Central Control Committee, the leaders of the Ninh Binh Provincial CPV Committee, and the chairmen and vice chairmen of the provincial and municipal CPV control committees in Zone III: Hanoi, Haiphong, Hai Hung, Ha Tay, Hoa Binh, Thai Binh, Nam Ha, Ninh Binh, Thanh Hoa, Nghe An, Ha Tinh, and Quang Binh.

Party members in Zone II account for 50 percent of all party members nationwide. Just as in many other zones, the number of complaints against cadres and party members on the various-echelon management committees in this zone has been increasing for several years now. Handling these complains is a very difficult and complex matter.

At the meeting, the representatives discussed the real situation and analyzed the substance of the complaints. They mentioned the good experiences and effective work methods in this and the difficulties, complexities, and problems and discussed the proposals made concerning dealing with the complaints against party members on various-echelon management committees.

Concerning the complaints: In general, the number of complaints has been increasing, and most are filed at the time of party organization congresses and elections to the various-echelon people's councils. They tend to focus on those party members predicted to be appointed to a party committee echelon, appointed as representative to a people's council, or appointed to a standing committee. The contents of the complaints usually concern two issues: cadres and party members violating the principles of party organization and party life (approximately 28-30 percent) and violations of the policies and laws (more than 50 percent). The most common violations today are: intentionally acting contrary to the principles, procedures, and policies and using one's position and power to engage in corruption (42 percent; exhibiting a lack of responsibility in state and economic management (37 percent); appropriating arable land and housing (11 percent); disrupting internal solidarity and attacking other party members and the masses (10 percent); and so on. The number of complaints that are completely or partly correct is usually quite high (60-90 percent). About 22 to 60 percent of the complaints are signed by people using a false name. This is because they are afraid of being attacked, or they do not want to take responsibility for what they have written. The nature of the complaints is quite varied and complex. Some complaints are signed by just one person but others are signed by many people. Many of the complaints have been copied and sent to many people, echelons, and sectors. Some of the complaints have been dealt with, but the complainants remain unsatisfied and continue to file complaints. In a number of places, people have established organizations and assigned a number of people to meet directly with the functional organizations and party and state leaders from the central echelon to the localities. In some places, people have formed special groups to write and file complaints, and in many places complaints are made through the mass media.

On complainants: The complainants belong to many different targets and strata: cadres, party members (including those who currently hold a position and those who have retired), people in and outside the party organization or people who have connections to each other, and so on. In making complaints, along with those who are sympathetic to the party and who have a concept of being constructive, selfless, and objective, there are also people who file complaints for individual motives (or who do so because they detest or are biased against the accused or because their material and spiritual interests have been affected).

On those accused: Almost all are cadres and party members who hold positions, have power, and control money and property in party and state organizations at various echelons.

On dealing with complaints: With the guidance of the party committee echelons and with the active participation of various-echelon control committees, in 1993 and the first 6 months of 1994, the various-echelon control committees in Zone III resolved 89 percent of the complaints. Even though there are still many difficulties and limitations, during the past period, the various-echelon control committees have actively formulated plans and methods to assign forces to regularly deal with complaints in their localities and units and complete the political tasks of the party and state. In resolving complaints, many places have, to varying degrees, manifested democracy within the party and among the masses. They have clarified what is right and what is wrong, implemented measures to deal with things, or proposed that the echelon with jurisdiction deal harshly with those cadres and party members who have committed violations. At the same time, through resolving the complaints, the control cadres in many places have improved their capabilities, raised their professional standards, and improved their work methods and experience.

However, there are still many shortcomings in dealing with complaints that must be overcome in the coming period. A number of lessons have been learned from dealing with the complaints filed against party members on the management committees:

Handling complaints is one of the tasks of the various-echelon control committees as stipulated in the party statutes. Because of this, in order to maintain the leadership and guidance of the same-echelon party committee, the various-echelon control committees must actively propose that the same-echelon committee guide and manage the forces involved.

Examining and handling complaints against party members is a task stipulated in the party statutes. Thus, the principle of self-criticism and criticism must be implemented fully. Accused party members must review their actions seriously and explain the contents mentioned by the control committee. Party organizations and party members must participate in reviewing things and voice their opinions. Depending on the situation, the control committee must give attention to obtaining the views of mass organizations and people who are loyal and trustworthy.

In resolving complaints, the regulations set by the Central Control Committee must be adhered to and implemented well. Particular attention must be given to a number of important points: First, when a complaint is received, it must be studied, and the targets, contents, and nature of the complaint must be categorized in order to assign tasks and arrange things and apply the regulations for examining and handling things in an appropriate manner. Second, the situation must be fully understood before deciding to apply regulations on examining and dealing with complaints. Third, attention must be given to investigating things and making determinations.

Complaints that are signed using a false name but that have clear contents and a specific address and that can be investigated must be dealt with. They must not be ignored. As for complaints that have a clear signature and address but that do not have concrete contents, if the complainant cannot provide documentation or any proof, these do not need to be examined further. As for those complaints that have bad intentions, that are not constructive, and that have been filed in order to generate doubt, the responsibility of the complainants must be examined and clarified.

The control cadres must be excellent in terms of both control functions and political and ideological work. They must be sharp psychologically, understand the real situation, have excellent work methods, be tactful, and maintain an attitude of sincerity, fairness, respect, and objectivity toward those who have been accused. To have such people, there must be policies and procedures to train and attract good-quality cadres who have the ability to perform control work.

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